"ONE OUT OF FIVE"

A Report on Out of School & Out of Work Youth in Los Angeles and Long Beach

Prepared by:

Neeta Fogg

and

Paul Harrington

Center for Labor Market Studies

Northeastern University

Boston, Massachusetts

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Introduction

The ages between 16 and 24—young adulthood—is typically the time to accumulate human capital in the form of educational attainment or work experience in the labor market. During this period of their lives, young adults spend considerable amounts of time either in school or in the labor market or in both these institutions. Individuals undertake these human capital investment activities during young adulthood since the opportunity cost, particularly of seeking education, is lower during this period of their lives when they have not yet started a family and are therefore free from the responsibilities of supporting a family.

The value of human capital has increased sharply as the job content of the economy has changed in favor of jobs that require higher levels of formal educational attainment and more sophisticated skills. Over the last two decades, the industrial composition of employment in the American economy has changed sharply. The most striking change occurred in the employment levels in manufacturing or goods-producing industries and services producing industries. The share of all jobs in the manufacturing sector declined from 20 percent in 1983 to 14 percent in 2002. Over the same time period, the service sector share of all jobs in the American economy increased from 22 percent to nearly one-third. Similar albeit more pronounced changes occurred in the industrial composition of employment in California and Los Angeles county. The share of manufacturing jobs declined from 19 percent to 12 percent in California and from 24 percent to 14 percent in Los Angeles county. The share of service sector employment increased from 24 percent to 32 percent in California and one-quarter to one-third in Los Angeles county.

What does this shift of employment from the manufacturing sector to the service sector mean? These two industries require a vastly different workforce with different levels of skills and educational attainment. Members of the workforce in these two industries are concentrated in very different occupations. The service sector has a large concentration of its workforce in managerial, professional, technical, and high-level sales occupations that are frequently called ‘college labor market occupations’ because of the high concentration of college graduates in these occupations. In 2002, nearly two-thirds of the service sector workforce in the nation was employed in college labor market occupations. The

manufacturing industry, in contrast, has a high concentration of employees in blue-collar occupations. About 55 percent of manufacturing workers held blue-collar jobs in 2002.

These two occupations—college labor market occupations and blue-collar occupations—employ workers with very different levels of education. The educational attainment of workers employed in college labor market occupations is considerably higher than those who work in blue-collar occupations. Six out of ten workers employed in a college labor market occupation had a four-year college degree or a post-graduate or professional degree; one-quarter had some postsecondary education below a four-year degree, 15 percent were high school graduates and less than 2 percent were high school dropouts. The share of college graduates among blue-collar workers was only 6 percent; one-quarter had postsecondary education below the four-year degree level, about one-half were high school graduates and one-fifth had failed to complete high school.

In addition to the change in the industrial composition of employment, the occupations staffing patterns within the industries also changed over time. As the production processes became more technologically sophisticated, the services sector as well as the manufacturing sector began to employ more college labor market workers. These changes in the industrial composition of employment and occupational staffing patterns within industries resulted in a sharp increase in the demand for workers with higher levels of education and more sophisticated skills. At the same time, poorly educated and low skills workers witnessed a sharp decrease in the demand for their labor. Consequently, the earnings premium of college educated workers rose sharply. Individuals with additional education are more likely to find employment and earn higher wages. Among young college graduates, the average annual salary of bachelor's degree holders was 66 percent higher than that of high school graduates; up from 15 percent in the early-1970s.

The earnings premiums of higher education persist and grow over the working lives of individuals. A comparison of the lifetime earnings of workers with different levels of education provides strong evidence of the widening of earnings gaps between college graduates and less educated individuals. The lifetime earnings of individuals with a bachelor's degree is twice as high that of high school graduates, representing a lifetime earnings difference of $942,000 between the two groups. A graduate degree bestows a

lifetime earnings advantage of 270 percent relative to a high school diploma, representing a lifetime earnings difference of $1.6 million between workers with a graduate degree and those with a high school diploma. A comparison of high school graduates with high school dropouts reveals that individuals who fail to graduate from high school earn $317,000 less than high school graduates over their working lives.

Education has become a prerequisite to success in today's labor markets. The changes that have occurred in the labor markets make it imperative that young adults engage in acquiring skills and human capital through formal education and labor market work experience. Those young adults who fail to engage in these activities start out their working lives with an education and skills deficit, which produces an employment and earnings gap between them and their better-educated and more skilled counterparts. This gap grows wider over their working lives. In today's labor markets, what workers "reap" over their working lives is even more strongly determined by what they "sow" during the young adult years of their lives.

The activities of young adults are of concern to all. The impact of the activities of young adults extends beyond their own lives to the economy and the society at large. Since young adults are entrants into the labor market they constitute the main source of the long-term labor supply to the economy. When young adults engage in productive human capital building activities, the economy will gain a skilled workforce in the future, which in turn will attract more businesses, produce more jobs, and fuel economic growth. Young adults who are engaged in positive and productive activities of education and employment also are less likely to engage in socially deviant behaviors and rely on public assistance.

Education and employment among young adults should be a vital part of workforce development strategies. It is important to understand the extent to which young adults participate in these activities and identify subgroups of young adults who fail to acquire formal education or to access employment. In this report, we present a thorough analysis of the educational and employment activities of young adult residents of Los Angeles county including the cities of Los Angeles and Long Beach, and the remainder of Los Angeles county which contains the suburban communities surrounding the two central cities of the Los Angeles metropolitan area. We also present a comparison of the educational and

employment behavior of young adult residents of these areas with that of their counterparts in the state and the nation. Within each area, we have analyzed the variations in schooling and work behavior among social and demographic subgroups of young adults.

Most of the analysis in this report is based on data from the 2000 decennial census that provides information on the activities of individuals in the spring of 2000. The deterioration of the labor market after the 2001 recession and its impacts on youth employment and youth labor market problems are captured with data from the Current Population Survey (CPS). The CPS data for 2000 and 2003 are used to gauge the impact of the economic recession on the labor market outcomes of young adults between 2000 and 2003. Since the CPS data do not have sufficient observations to provide statistically reliable estimates for Los Angeles city and Long Beach city, these updates will be confined to the nation and the state of California and when the sample size is large enough, to Los Angeles county.

The report begins with a discussion of the longer-term structural changes in the economy and their impact on labor demand. This is followed by several sections on the findings from our analysis of the school enrollment, education, and employment activities of young adults at the time of the 2000 decennial census. The census data analysis begins with a description of the demographic characteristics of young adults. Because of the huge influx of immigrants during the 1990s decade, particularly in California and because of the sharp differences between the education and employment outcomes of immigrants and native-born youth, a part of the demographics section of this report is focused on the role of immigration in the nation, California, and the cities of Los Angeles and Long Beach. In a following section, we present the enrollment behavior of young adults with a separate discussion on the gap between the school enrollment and educational attainment of young women and young men.

Human capital can be acquired through schooling as well as work. Among individuals who were not enrolled in school at the time of the decennial census, we have presented an analysis of the level of education that they had attained before they terminated their formal schooling activities. Of particular focus is the proportion of non-enrolled young adults who failed to complete high school—high school dropouts. High school dropouts are

least likely to participate in the labor force and when they do participate in the labor market, these poorly educated youth are less successful in finding employment. High school dropouts who are employed are more likely to work in low paying jobs and to alternate between short work spells and longer spells of unemployment or labor force withdrawal. High school dropouts are also at a considerably higher risk of completely detaching themselves from education and employment.

In addition to the educational attainment of non-enrolled youth, we have analyzed their employment activities during the spring of 2000. The employment rates of non-enrolled young adults are presented for various demographic and educational subgroups. The analysis of 2000 census data concludes with a discussion of idleness among young adults in these communities. Young adults who were not attending school and not employed—disconnected from work and school—are the focus of this discussion. These youth are disconnected from the two main institutions that engage most young adults. Douglas Besharov and other youth development researchers have described this population as 'disconnected youth.' Disconnected youth are at a considerable risk of a life of poverty and economic hardship. Young adults who are not engaged in school or work represent a waste of vital human resources and should be an important target of any workforce development strategy.

The decennial census data contain the labor market and enrollment behavior of young adults during the spring of 2000. Since that time, the nation and California have experienced a recession, which has had a particularly adverse impact on youth. The final section contains an analysis of trends in key labor market outcomes of young adults in the nation, California, and Los Angeles county between 2000 and 2003. Based on the changes in the youth labor market fortunes in the nation, the state, and Los Angeles county, we have presented our inferences of the likely labor market situation of young adults in Los Angeles city and Long Beach city and the likely impact of these labor market changes on the numbers of disconnected youth in these areas.

New Expectations on Youth

Recessions and economic downturns usually have disproportionately large adverse impacts on the youth labor market. The recession of 2001 was not different in this regard.

Like other recessions preceding it, this recession resulted in a severe reduction in youth employment rates and a sharp increase in their labor market problems. In fact, youth employment rates particularly among teens, have dipped to record lows during this recession. In most economic downturns, young adults need to make larger adjustments in their labor market activities than older workers.

In addition to adjusting to the vicissitudes of the labor market, youth today have to make a number of sophisticated decisions at a very young age. Unfortunately they also have to make these decisions based on little information or understanding of the labor market and the rewards associated with alternative schooling and career paths that they might choose. The economic environment that faces these young adults is much more sophisticated with many more career opportunities in the knowledge-based sector than in the traditional goods-based sector. Moreover, these young adults face a much less forgiving economy. A wrong decision is accompanied by more serious consequences today than it did in the past.

Young adults make a series of decisions that are simultaneous and sequential. Among the first is whether to remain in school or to withdraw. Nationally, the cumulative dropout rate is estimated to be between 25 and 30 percent. If young people choose to stay in school, they must next decide which courses to take. The degree of rigor of their basic skills development in different courses, especially in mathematics, will substantially influence their ability to enroll in and complete a college degree program later on. Curricular decisions made at the high school level will, in large measure, determine the array of potential major fields of study at the college level for which graduating high school seniors can qualify.

If they complete high school, students must decide whether to engage in additional schooling activities, and/or enter the career labor market right after high school. Some young adults might choose to engage in neither work nor school and remain disconnected from the two main institutions—higher education and the labor market—in which most young adults are engaged. The college enrollment decision itself results in a series of additional decisions including the level of college study to pursue (certificate or license, two or four year degree), the educational institution to attend and the choice of major field of study.

Another decision that youngsters need to make while they are enrolled in secondary school or postsecondary school is whether they should mix work and school. In addition to

the earnings that accompany labor market work, work experience provides sizable future benefits in the form of a greater likelihood of employment, higher earnings, and even higher rates of enrollment into and completion of postsecondary schooling. Even among high school students, part-time work and summer jobs can have an important impact on future employability because they help young people develop the work behavior traits that are highly valued by today's employers. In a labor market that favors knowledge and experience, choices about summer jobs, part-time work, formal work-based learning such as cooperative education and apprenticeships all have a strong connection to future employability, lifestyle and quality of life. Taken as a whole, therefore, the decisions young people between the ages of 16 and 24 make about work, education and training in this economy are far more important than they were twenty years ago and will determine to a very large extent their future economic, social and personal success.

Number of 16- to 24-Year Old Youth

In analyzing the educational and employment decisions of residents of California and areas within the state, we focused our attention on the enrollment rate of all 16- to 24-year old residents, and the overall educational attainment and employment rates among those young adults who were not enrolled in school. Our analysis of the enrollment, education, and employment of young adults includes only those individuals between the ages of 16 and 24 who lived in households and excludes residents of institutions, including those in prisons and juvenile detention, as well as those living in long-term care hospitals and other health facilities. Also excluded from the analysis are young adults who lived in group quarters, primarily college students residing in dormitories.

These individuals are excluded for two reasons. First, in almost all cases, the primary residence of dorm residents is outside the region—most household surveys including the Current Population Survey do not include them within the scope of the survey. Second, the Census Bureau found major errors in the labor force estimates produced for this population group. In essence, the level of labor force attachment, and especially, unemployment levels of those living in dorms is dramatically overstated. Most of the discussion is focused on our

findings from the analysis of the 2000 decennial Census data based on a sample of 5 percent of all households in the geographic areas analyzed in this report.

According to the Census Bureau's decennial census count, in 2000, the nation had 31.9 million individuals in the civilian non-institutionalized population between the ages of 16 and 24 who lived in households. Four million of these young adults lived in California, making the state home to one in eight young residents of the nation (Table 1). Nearly 30 percent of these young residents of California lived in Los Angeles county, which was home to 1.19 million individuals between the ages of 16 and 24. A sizable majority of these young adult residents of Los Angeles county lived in Los Angeles city or Long Beach city. About 471,000 lived in Los Angeles city and 59,000 lived in Long Beach city. Together, the two cities were home to 45 percent of the young adult residents of Los Angeles county.

Table 1:
Number of Civilian Non-Institutional 16- to 24-Year Old Residents, 2000

Geographic Area	16- to 24-Year Old Population in 2000
United States	31.866 million
California	4.020 million
California / US	12.6%
Los Angeles county	1.187 million
Los Angeles county / California	29.5%
Los Angeles city	470,900
Los Angeles city / Los Angeles county	39.7%
Long Beach city	59,400
Long Beach city / Los Angeles county	5.0%
Los Angeles city + Long Beach city	530,300
Los Angeles city + Long Beach city / Los Angeles County	44.7%

Demographic Characteristics of Youth

In this section of the report we describe findings from our analysis of the demographic characteristics of the young residents of each of the six geographic areas. Our analysis focuses on their gender, age, and race-ethnicity and nativity traits. Sharp differences in the race-ethnicity and nativity characteristics between the young residents of California and their national counterparts are highlighted.

Gender and Age Characteristics

Findings from our analysis of the gender and age characteristics of the young adult population in each of these areas are presented in Table 2. The gender composition of the 16-24-year old population reveals an almost even split. Nationwide, the male share of this population was 50.4 percent. In California, the male share was 51.1 percent. Males also accounted for slightly more than 50 percent of the 16- to 24-year old population in each of the four areas within the state (Table 2). The highest share of the male population (51.4 percent) was in the suburban communities of Los Angeles county. These differences may be attributable to the large numbers of new immigrants in these areas. New immigrants are more likely to consist of young males who either start a family or bring in their family from their native country only after they have established themselves with a job and housing. Therefore, areas with a large immigrant population are likely to have a larger share of males within their population.

Table 2:
Percentage Distribution of Civilian Non-Institutional 16- to 24-Year Old Individuals by Gender and Age, 2000

	U.S.	California	Los Angeles county	Los Angeles city	Long Beach city	Remainder of Los Angeles county
Total	31,865,744	4,020,341	1,186,758	470,912	59,377	656,469
Percentage distribution by:						
Gender						
Male	50.4%	51.1%	51.0%	50.6%	50.6%	51.4%
Female	49.6%	48.9%	49.0%	49.4%	49.4%	48.6%
Age						
16-19	45.6%	45.2%	43.3%	39.2%	42.2%	46.4%
20-24	54.4%	54.8%	56.7%	60.8%	57.8%	53.6%

Table 2 also presents the teenage share of the young adult population. The young residents of the cities of Los Angeles and Long Beach were less likely to consist of teenagers than those who lived in the suburban Los Angeles county area and the nation. Teenagers accounted for 39 percent of the 16- to 24-year old residents of Los Angeles city and 42

percent in Long Beach city. The nation, California, and suburban communities of Los Angeles county had a slightly younger youth population with teenage shares over 45 percent. These age differences between the two cities and the suburban areas, the state and the nation were quite small.

The Role of Immigration

The 1990s decade has been characterized by a large influx of immigrants. Immigrants have been a major factor in the nation's population and labor force growth between 1990 and 2000. While immigration played a critical role in the entire nation, the importance of immigration varied widely across different states and regions of the nation. Before a discussion of the race and nativity characteristics of the youth population in the subsequent section, we present below a brief discussion on the role of immigration in the population growth of the nation and California. Data from our analysis are presented in Table 3 and reveal that the nation's population growth would have been considerably smaller in the absence of immigration. About 40 percent of the nation's population growth between 1990 and 2000 is attributable to immigration.

In California, the immigrant contribution to population growth was twice as large as that of the nation. The state's population grew by 4.11 million persons between 1990 and 2000 and nearly 80 percent of this growth or 3.27 million consisted of new immigrants (foreign-born individuals who entered the United States between 1990 and 2000). The contribution of immigration to population growth was even larger in Los Angeles county where between 1990 and 2000, the net population growth was 656,000 while the immigrant population grew by 1.2 million. In the absence of new immigrants, Los Angeles county would have seen a population loss of 545,000 or 6 percent. Instead, the county's population increased by 7 percent. The growth in the county's immigrant population replaced the decline in its native-born and established immigrant population. Established immigrants are defined as those immigrants who entered the United States before 1990.

Each of the three areas within Los Angeles county saw similar patterns—the growth in immigrant population substituted the decline in the native-born and established immigrant

population—albeit at different rates. Between 1990 and 2000, new immigrants accounted for 272 percent of the net population growth of Los Angeles city. In the absence of immigration,

Table 3:
The Proportion of Total Population Growth Between 1990 and 2000 that was Due to Immigration

	Total population growth, 1990-2000	New Immigrants* in the population	New immigrants' share of population growth
U.S.	32,712,033	13,178,276	40%
California	4,111,627	3,270,746	80%
Los Angeles county	656,174	1,201,034	183%
Los Angeles city	209,436	569,771	272%
Long Beach city	31,948	46,560	146%
Remainder of Los Angeles county	414,790	584,703	141%

*New immigrants are immigrants who entered the United States between 1990 and 2000

the city's population would have declined by 360,000 or 10 percent. Instead the city's population increased by 209,000 or 6 percent. In Long Beach city and the suburban communities of Los Angeles county, immigrants respectively accounted for 146 percent and 141 percent of the population growth between 1990 and 2000. In the absence of immigration, these two areas would have seen a 3 percent population loss. Because of immigration, both areas saw their populations grow between 1990 and 2000—7 percent in Long Beach and 8 percent in the suburban communities.

Race-Ethnic and Nativity Characteristics

Since new immigrants are more likely to be young, areas with large increases in the immigrant population are likely to have even higher concentrations of immigrants among their young adult residents. The composition of the youth population by immigrant status in the six geographic areas presented in Table 4 provides insights into the concentration of foreign-born individuals among the young adult population in these areas.

Nationwide, over 13 percent of the 16- to 24-year old population consisted of foreign-born individuals. The concentration of foreign-born individuals was much higher in California where nearly 3 out of 10 residents between the ages of 16 and 24 were born abroad. The immigrant contribution to population growth was much higher within Los Angeles county. In the absence of immigration, Los Angeles county including Los Angeles city, Long Beach city, and the suburban communities surrounding these cities would have seen a decline in their total populations between 1990 and 2000. These variations in the flow of immigrants during the 1990s decade are reflected in the concentration of immigrants among the young adult residents of these areas. Over 45 percent of young adults in the city of Los Angeles, 37 percent in Long Beach city, and one-third in the suburban communities surrounding these cities were born abroad. In the entire Los Angeles county 38 out of every 100 young adult residents were born abroad.

The large flow of immigrants in these areas is closely associated with the race-ethnic composition of their young adult residents. Nationwide, nearly 62 percent of the young adult population consisted of White individuals with the remaining 38 percent consisting of race-ethnic minorities (Table 4). The White population accounted for only 35 percent of California's youth and an even smaller share—20 percent—of the young adult population of Los Angeles county. The share of the White population within Los Angeles county varied from 19 percent in Los Angeles city to 21 percent in Long Beach city and the suburban communities of Los Angeles county.

The largest single race-ethnic minority in the nation's young adult population consisted of Hispanic youth who accounting for nearly 18 percent of the nation's young adult population. Hispanic youth accounted for 43 percent of the California's young adult population. In Los Angeles city, nearly six out of ten young adult residents identified themselves as Hispanic on the decennial census. Compared to Los Angeles city, Long Beach had a lower share of Hispanic population—44 percent. The race-ethnic minority population in Long Beach city was more likely to consist of Black and Asian youth. The share of Black youth was over 6-percentage points higher in Long Beach city than in Los Angeles city (15.4 percent versus 9 percent). The Asian share of the young adult population in Long Beach was 4-percentage points higher than among their Los Angeles city counterparts (13.9 percent versus 9.9 percent).

Table 4:
Percentage Distribution of Civilian Non-Institutional 16- to 24-Year Old Individuals by Gender and Age, 2000

	U.S.	California	Los Angeles County	Los Angeles City	Long Beach City	Remainder of Los Angeles County
Total	31,865,744	4,020,341	1,186,758	470,912	59,377	656,469
Percentage distribution by:						
Nativity Status						
Foreign born	13.2%	29.0%	38.1%	45.4%	36.8%	33.0%
Native born	86.8%	71.0%	61.9%	54.6%	63.2%	67.0%
Race-Ethnic Origin						
White, non-Hispanic	61.8%	35.1%	20.2%	18.8%	21.0%	21.1%
Black, non-Hispanic	13.2%	6.1%	8.3%	9.0%	15.4%	7.2%
Hispanic	17.6%	42.9%	56.2%	58.8%	44.3%	55.3%
Asian, non-Hispanic	3.9%	11.2%	11.8%	9.9%	13.9%	12.9%
Other, non-Hispanic	3.4%	4.7%	3.6%	3.5%	5.3%	3.5%

There are sharp differences between the demographic profile, particularly race-ethnic origin and nativity status, of young adults living in California and their national counterparts. Differences also existed between these traits of young adults within the two cities and suburban communities of Los Angles county. Some of the differences between the educational and employment outcomes of young residents of these areas are attributable to the nativity mix and the race-ethnic mix of their young adult populations. For example, the level of educational attainment among immigrants is lower than that of native-born populations. Immigrants are more likely to have dropped out of high school. Areas that have a larger share of immigrants among its young adult population will also likely have a higher share of high school dropouts among its youth population. A concentration of immigrants among the young would therefore mean that the area will likely have more high school dropouts and therefore a smaller pool of skilled workers in its youth labor force. Consequently areas with large concentrations of immigrants among its youth would require sizable investments in workforce education and training programs to bring its emerging workforce up to par with the level of skills typically required by employers in the rapidly growing knowledge-based sector.

School Enrollment Rate of Young Adults

Formal education is critical for the development of young people into successful adults. Evidence on the economic and labor market returns to additional years of schooling is incontrovertible. The labor market clearly favors individuals with additional years of schooling by rewarding them with higher rates of employment and earnings. Moreover, the economic gains to additional schooling have increased over time due to the aforementioned changes in the overall economy. The gains to schooling are manifest in a variety of ways. Individuals with additional years of schooling are more likely to have:

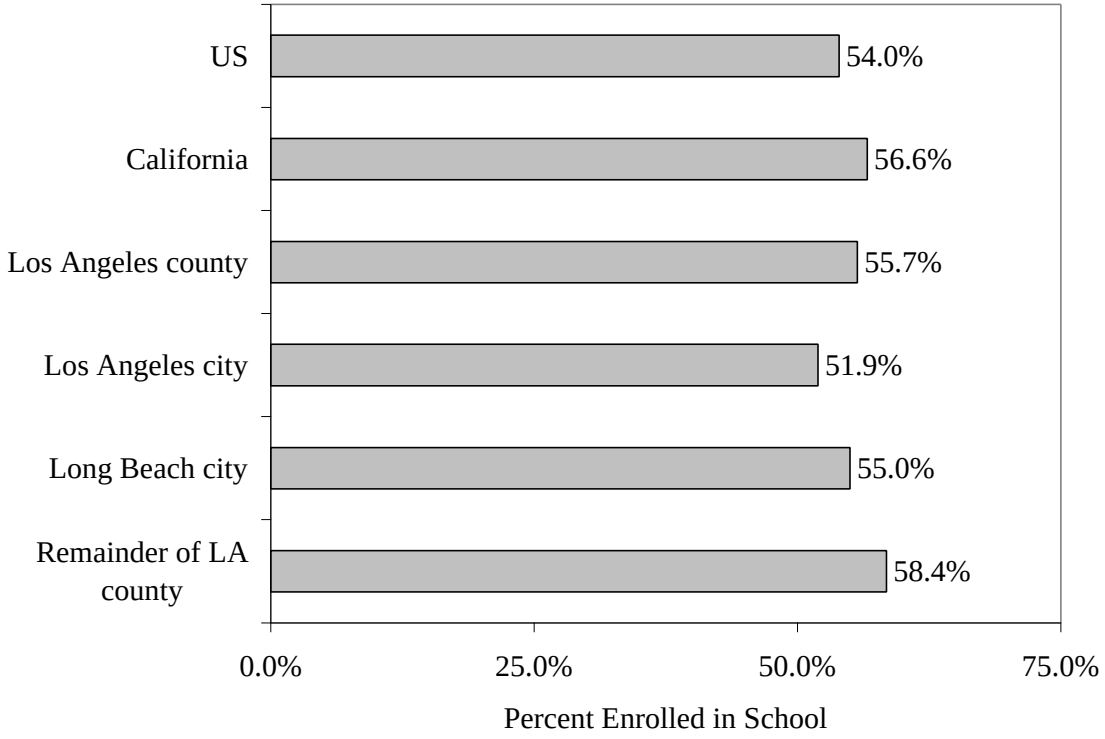
- Higher basic skills,
- Stronger labor force attachment,
- Reduced chances of unemployment,
- Higher rates of access to full time employment,
- More weeks and hours of work over the course of a year,
- Higher rates of access to work-related benefits like health insurance and pension,
- A much greater likelihood of employers investing additional education and training resources, and
- Large annual earnings advantages that persist and grow overtime as they age.

The years between age 16 and 24 are typically times of intensive schooling activity for young adults making the transition to adulthood. The opportunity costs of enrolling in school, both in terms of foregone earnings and lost family time, are generally lower at these ages than they are for adults age 25 and over. The higher pay levels that accrue to additional years of work experience and the much higher rates of family formation for those over the age of 25 make young adulthood the best time to engage in formal schooling activities that bolster long-term labor market success.

In the spring of 2000, 54 percent of the nation's young adults were enrolled in school. The enrollment rate in California was slightly higher. Nearly 57 percent of the state's young adult population was enrolled in school at the time of the 2000 decennial census survey. The school enrollment rate of young adult residents of Los Angeles county was only one-percentage point lower than that of their counterparts in the state. Within Los Angeles county however, the rate of school enrollment among the 16- to 24-year olds varied by their

residence in large cities or in suburban areas. Young residents of Los Angeles city had a school enrollment rate of 52 percent, a rate of enrollment that was slightly lower than their counterparts residing in Long Beach city (55 percent) and considerably lower than that of youth residing in the surrounding suburban areas (58 percent).

Chart 1:
School Enrollment Rates Among 16- to 24-Year Old Individuals, 2000



Gender Gaps in School Enrollment and Educational Attainment

School enrollment among young adults varied widely by gender. The school-going rates of young women were higher than young men. This gender gap in school enrollment was especially wide in urban areas and among race-ethnic minorities, particularly among Black and Hispanic youth. A comparison of the school enrollment rate of men and women presented in Table 5 clearly reveals that in each of these 6 areas, young women were more likely to enroll in school than young men. The school enrollment rate of young women in the nation and California and areas within California was between 2- and 4-percentage points

higher than the school-going rate of young adult male residents in these areas. The largest gender gap in the school enrollment rate existed in the cities of Los Angeles and Long Beach where the school enrollment rate of young women was over 4-percentage points higher than that of young males. The school enrollment gender gap in California was 3.7-percentage points and the suburban communities of Los Angeles county had an enrollment gender gap of 3.2-percentage points. Nationwide, the school enrollment rate of young women was 2-percentage points higher than their male counterparts. The gender gap in school enrollment was smaller in the nation than in the urban and suburban areas of Los Angeles county and the entire state of California.

Table 5:
School Enrollment Rates of 16- to 24-Year Old Persons by Gender, 2000

	Male	Female	Difference (Female Minus Male)
U.S.	52.9%	55.0%	2.0%
California	54.8%	58.6%	3.7%
Los Angeles county	53.9%	57.5%	3.6%
Los Angeles city	49.9%	54.1%	4.2%
Long Beach city	53.0%	57.0%	4.1%
Remainder of Los Angeles county	56.9%	60.1%	3.2%

The traditional gender gap in education has been reversed. The traditional gender gap consisted of higher rates of school enrollment and educational attainment among men than among women. Today, women consistently outperform men in most educational outcomes. Women are more likely than men to remain enrolled in high school, more likely to graduate from high school, more likely to enroll in postsecondary school, and more likely to persist until they graduate with postsecondary credentials. This trend has resulted in a reversal of the traditional gender gap and a widening of the new reversed gender gap as women make progress and move forward on the educational ladder and increasing numbers of men drop off.

This trend of young women progressing forward and young men staying back along the educational ladder is evident in the data presented in Table 6. These data contain the

overall young adult female to male ratio in each geographic area and the young adult female to male ratios in various school enrollment and educational categories. These ratios are presented as the number of 16- to 24-year old women per 100 men in the same age group. At the time of the 2000 decennial census enumeration, the total population of 16- to 24-year old individuals in the nation, in California, and each of the 4 areas within the state consisted of fewer women than men. Nationwide, there were 98 women per 100 men in the young adult population. Statewide in California and in Los Angeles county there were fewer women per 100 men. Both areas had 96 young women per 100 young men. The number of women per 100 men was 98 in Los Angeles city and Long Beach city and only 95 in the suburban communities of Los Angeles county.

Part of the differences in the overall female to male ratio in these areas is likely the result of large immigration in these areas. Immigrants, particularly recent immigrants are more likely to be young men who establish families or bring their families to join them only after they have established themselves in their adopted country and have a job, housing and an adequate income to support a family. The youth populations in areas that have a large number of immigrants, particularly new immigrants, usually have a higher concentration of males.

Table 6:
Number of 16- to 24-Year Old Women Per 100 Men in Each Enrollment and Educational Category, 2000

Enrollment & Educational Categories	U.S.	California	Los Angeles County	Los Angeles City	Long Beach City	Remainder of LA County
Total	98	96	96	98	98	95
High school dropouts	76	70	76	76	75	75
High school graduates	91	92	92	96	100	89
Enrolled, All	102	102	102	106	105	100
Enrolled, post-secondary	118	116	118	122	132	114
Associate's degree	129	125	118	132	117	111
Bachelor's degree	145	137	133	127	126	141

In each of these areas, we start with a somewhat smaller number of women compared to men in the total young adult population. Among the dropout population of young adults there were even fewer women than men indicating that young men were much more likely to drop out from high school than women. Nationwide the young high school dropout population had only 76 women per 100 men. The gender gap in the number of high school dropouts was wider in California with only 70 women per 100 men. In Los Angeles county and each of the areas within, the 16- to 24-year old high school dropout population consisted of 75 to 76 women per 100 men. Termination of education before completing high school results in very poor labor market outcomes among these youth. Moreover, access to postsecondary education and many training programs requires a high school diploma or a GED certificate. Failure to complete high school means that these youth are also closed out from postsecondary education and most training programs.

A comparison of the number of women and men among 16- to 24-year college enrollees indicates a further widening of the educational gap between the sexes. Nationwide, there were 118 young women enrolled in college for every 100 men. In California, this ratio was 116 women to 100 men. The college enrollment gap between the sexes in Los Angeles county was the same as the nation (118 women per 100 men) but considerably larger in urban areas of the county. Among young adult residents of Los Angeles and Long Beach cities, respectively, there were 122 and 132 young female college enrollees per 100 men at the time of the 2000 decennial census. Larger numbers of women complete high school than men, and still larger numbers of women choose to enroll in postsecondary school than men. At this (postsecondary school enrollment) rung of the education ladder, many additional young men were left behind as their female counterparts moved ahead.

Since women are more likely to persist in college, they also are more likely to graduate. Our analysis of the female to male ratios among youth with an associate's degree or a bachelor's degree finds that women do indeed earn these degrees at higher rates than men, which results in a further widening of the gender gap. It is evident from data in Table 6 that fewer men persist long enough in college to earn a degree. Nationwide, while 118 young women were enrolled in college per 100 men, 129 women earned an associate's degree and 145 young women earned a bachelor's degree per 100 young men. A similar widening of the gender gap existed among young residents of California among whom 125 and 137 women,

respectively, had earned an associate's and a bachelor's degree per 100 young men. In Los Angeles county the college enrollment gender gap stood at 118 women per 100 men. This gap remained unchanged at the associate's degree level and widened to 133 women per 100 men at the bachelor's degree level.

Young residents of the two large cities within Los Angeles county—Los Angeles and Long Beach—also saw widening of the gender gaps at higher levels of education. Among 16- to 24-year old associate's degree holders, Los Angeles city had 132 and Long Beach city had 117 women per 100 men. Among young adults with a bachelor's degree, these two cities respectively had 127 and 126 young females per 100 males.

The traditional gender gap has been reversed. Young women are more likely to stay in school, graduate from high school, enroll in college, and persist in college and graduate with a postsecondary degree than young men. This is true across the nation as well as California and the urban and suburban areas within Los Angeles county. While some react to this reversal of the gender gap by saying, "its about time," the new gender gap in education is as insidious as the traditional gender gap. Many of the men who remove themselves from the educational system also detach themselves from the labor market. These marginalized men end up living on the margins of society—often involved in crime and other illegal activities.

Poorly educated men who remain in the labor market are more likely to be relegated to the low-wage labor market and fail to earn a living necessary to support a family. Changes in the industrial composition of employment and the occupational staffing patterns of industries over the past two decades have resulted in sizable increases in the economic rewards to individuals with high levels of education and a sharp deterioration in the employment and earnings of poorly educated individuals. Today, young men who fail to complete high school or terminate their educational efforts early, face a much tougher economic environment than they did two decades ago.

The economic marginalization of these men also leads to their social marginalization. They are much less likely to marry or take on the economic responsibility of supporting a family. One of the unfortunate results of this trend is an increase in births to unmarried women and the formation of single mother families that are known to be at a much higher risk of poverty and economic hardship than two parent families. The upbringing of children

in poverty has a whole host of insidious consequences on their cognitive development and future economic potential.

The adverse consequences of the gender gap are therefore not restricted to just the young men who truncate their schooling but extend to women, children, and the overall economy. These men are less likely to participate in the labor market and even when they do participate in the labor market they are most likely restricted to low skill jobs. As more men are left behind, the economy is deprived of the much needed labor supply, particularly in the current environment of slow population and labor force growth. These gender gaps also strain the public coffers from an increased reliance on public assistance by the men themselves and by the increased numbers of single mother families formed due to the inability of these men to marry and support a family. Since these poorly educated men are less likely to work and when they do work they earn low wages, they make disproportionately small contributions to tax revenues which would further strain the public coffers. The new gender gap in education has adverse effects on men, women, children, families, the economy and society at large. It is therefore imperative to address this problem and reduce the gender gap by raising the enrollment and education of men while continuing the progress made by women.

School Enrollment by Race-Ethnic and Nativity Characteristics

The school-going activities of young adults varied widely by their race and ethnic characteristics. Nationwide, Hispanic and Black youth were much less likely to be enrolled in school than their White and Asian counterparts. The lowest school-going rates were among Hispanic youth. Nationwide, only 42 percent of 16- to 24-year old Hispanic youth were enrolled in school, a school-going rate that was 10-percentage points lower than Black youth, 12-percentage points lower than White youth, and 30-percentage points lower than Asian youth (Table 7).

Similar gaps existed between the school enrollment rates of the four race-ethnic groups in California. However, the enrollment rate of young adults in each race group was between 4- and 6-percentage points higher than that of their national counterparts. Despite these higher rates of enrollment across all four race-ethnic groups, the overall enrollment rate

of California's young residents was only 2.6-percentage points higher than the nation. This anomaly is because California had a higher concentration of Hispanic youth who have the lowest school-going rate among all race-ethnic groups of young adults. The school enrollment rate of Hispanic youth in California was 10-percentage points lower than all young adults in the state (46 percent versus 56 percent).

Table 7:
School Enrollment Rates of 16- to 24-Year Old Persons by Race-Ethnic Characteristics, 2000

	Total	White, non-Hispanic	Black, non-Hispanic	Hispanic	Asian, non-Hispanic
U.S.	54.0%	56.4%	52.7%	42.4%	72.1%
California	56.6%	62.5%	58.2%	46.0%	76.1%
Los Angeles county	55.7%	63.0%	59.2%	47.4%	77.6%
Los Angeles city	51.9%	58.8%	56.9%	45.0%	72.1%
Long Beach city	55.0%	61.4%	57.2%	42.4%	79.0%
Remainder of Los Angeles county	58.4%	65.8%	61.8%	49.5%	80.4%

The school enrollment rates of race-ethnic groups of youth in Los Angeles county were not very different compared to the state. However in areas within the county, young adults residing in Los Angeles city and Long Beach city were nearly 4- to 5-percentage points less likely to be enrolled in school compared to the young adult residents of suburban Los Angeles county. A comparison of the school enrollment rates of race-ethnic groups of young residents of the two cities reveals that while the enrollment rate of Black youth was about equal in the two cities, the school-going rate of White and Asian young adults in Long Beach city was higher than their counterparts in Los Angeles city. In contrast, the young Hispanic residents of Long Beach were less likely to be enrolled in school compared to their counterparts who lived in Los Angeles.

The school-going patterns of immigrant youth are very different from that of native-born young adults. Data in Table 8 present the enrollment rates of young adults by their nativity status. The school enrollment rate of 16- to 24-year old foreign-born youth in the

nation was 13.5-percentage points lower than that of their native-born counterparts. Only 42 percent of foreign-born residents of the nation were enrolled in school compared to nearly 56 percent of their native-born counterparts. Although the school enrollment rate of both groups in California was higher than their national counterparts, the gap between the school enrollment rate of young native-born and foreign-born Californians was larger than the gap between the two groups in the nation. In 2000, nearly 62 percent of native-born young adult Californians were enrolled in school compared to only 44 percent of young immigrant residents of the state, representing a 17-percentage point gap.

Table 8:
School Enrollment Rates of 16- to 24-Year Old Persons by Nativity Status, 2000

	(A) Foreign born	(B) Native born	(C) Percentage Point Difference (B)–(A)
U.S.	42.2%	55.7%	13.5
California	44.4%	61.7%	17.3
Los Angeles county	45.2%	62.2%	17.0
Los Angeles city	41.6%	60.5%	18.9
Long Beach city	48.2%	59.0%	10.8
Remainder of Los Angeles county	48.5%	63.4%	14.9

The gap between the school going rate of native-born and immigrant young adults was 8-percentage points larger in Los Angeles city compared to Long Beach. Young foreign-born residents of Los Angeles city were nearly 19-percentage points less likely to be enrolled in school than their native-born counterparts. The enrollment rate gap between native-born and foreign-born residents in Long Beach was 11-percentage points. The entire difference in the enrollment rate gap between native-born and foreign-born residents of the two cities was due to the higher school enrollment rate of foreign-born residents of Long Beach city. The native-born residents of both cities had an enrollment rate of 60 percent. In contrast, the school-going rate of foreign-born residents of Long Beach was nearly 7-percentage points higher than their counterparts in Los Angeles city. Most of this difference is attributable to

the higher share of Asian immigrants in Long Beach. As noted above, Asian youth had the highest school enrollment rates and Hispanic youth had the lowest. Over one-quarter (26.4 percent) of the young immigrants residing in Long Beach were Asians, twice as large as their share among young immigrant residents of Los Angeles city (13.4 percent).

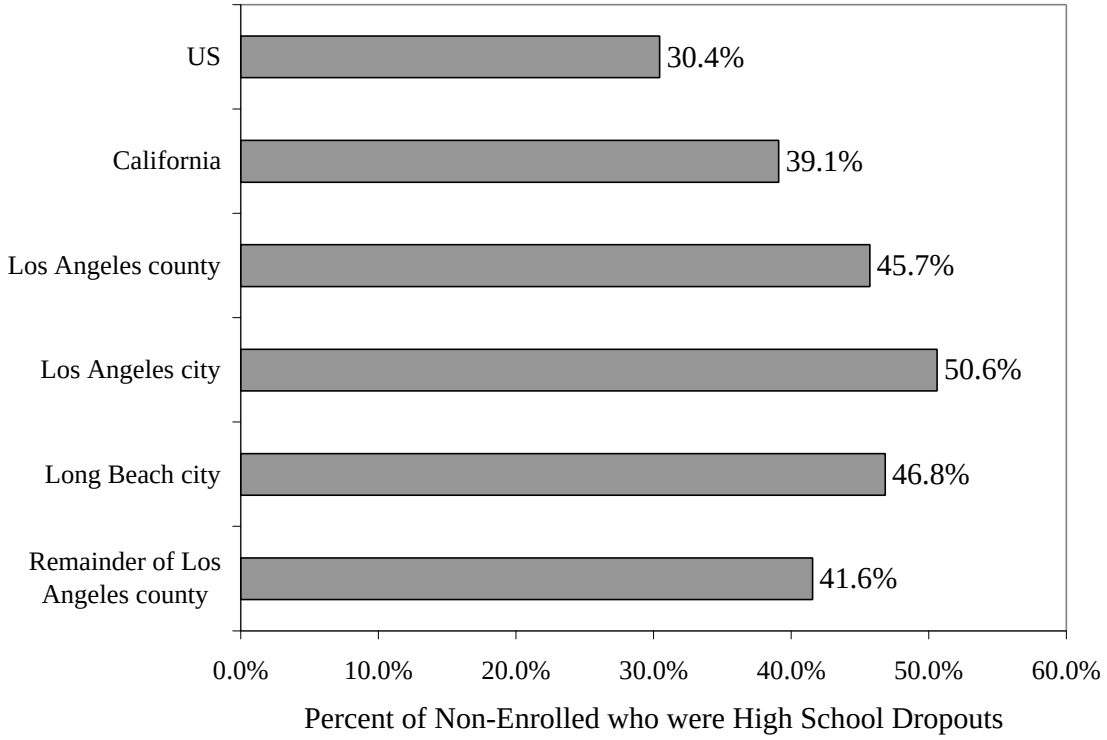
These findings clearly reveal the weak attachment of foreign-born youth to the American educational system. This group is most in need of education and is unfortunately least likely to participate in the educational system. Nearly 6 out of 10 immigrant youth who were not enrolled in school were high school dropouts. This group is most in need of education to raise their skills to match with the needs of the labor market. Since they are not in the educational system, the task of bringing them into the system is even more challenging than the task of dropout prevention among at-risk youth. Although the census data do not provide information on the legal status of immigrants, we can conclude from other official estimates of undocumented immigrants that many of these foreign-born young adults are likely to be undocumented immigrants who are known to be reluctant in accessing formal education and training programs. Thus, efforts to bring immigrant youth into the educational and training system also increasingly need to be customized to address their fears that could stem from their illegal status.

High School Dropouts Among Non-Enrolled Youth

Education is the key to success in today's labor markets. Higher levels of education are rewarded handsomely and failure to complete high school results in poor labor market outcomes. Youth who terminate their education before graduating with a high school diploma shut themselves out of many jobs and opportunities even before they take their first step in the job market. High school dropouts are less likely to participate in the labor market and less likely to find employment. Employed high school graduates are more likely to work in low wage jobs with little access to career advancement. Poorly educated individuals are also less likely to receive training and any other job-related benefits that are much more accessible to their better-educated counterparts. Moreover when the economy deteriorates, high school dropouts and poorly educated persons are more likely than others to lose their jobs and endure longer durations of unemployment.

We have analyzed the incidence of dropping out of high school among 16- to 24-year old young adults who were not enrolled in school at the time of the 2000 decennial census. Findings from our analysis are presented in this section. Nationwide the proportion of non-enrolled young adults who had failed to complete high school or secure a GED certificate was quite high. Three out of ten out-of-school young adults in the nation had dropped out of high school. Californian youth were more at risk of dropping of high school. Nearly 40 percent of the state's non-enrolled young adults had not finished high school or earned a GED certificate at the time of the 2000 census. In Los Angeles county young adult residents of urban areas were more likely to dropout of high school than their suburban counterparts. The share of dropouts among out-of school youth was 51 percent in Los Angeles city, nearly 47 percent in Long Beach city, and 42 percent in the suburban communities of Los Angeles county.

Chart 2:
Percent of Non-Enrolled 16- to 24-Year Old Persons
Who Had Dropped Out of High School, 2000



As noted in the earlier section, one of the factors underlying the educational gender gap was the higher likelihood of dropping out of high school among men than among women. A comparison of the proportion of out-of-school men and women who had dropped out of high school is presented in Table 9. Nationwide over one-third of non-enrolled young men were high school dropouts relative to 27 percent of young women, representing a difference of nearly 7-percentage points. The gap between the out-of-school male and female incidence of dropping out of high school was nearly 9-percentage points in California and varied between 6- and 8-percentage points in four areas within the state. Male school dropout rates were considerably higher in California, and particularly in Los Angeles county. Over 49 percent of out-of-school young male residents of the county had failed to complete high school. Within the county, the dropout share among young male out-of-school residents varied from 44 percent in the suburban communities of Los Angeles county, over 54 percent in Los Angeles city, and 51 percent in Long Beach city.

Table 9:
Proportion of Out-of-School Men and Women Between the Ages of 16 and 24 who were High School Dropouts, 2000

	Male	Female	Percentage Point Difference (Male Minus Female)
U.S.	33.6%	27.1%	6.4
California	43.1%	34.5%	8.6
Los Angeles county	49.1%	41.9%	7.1
Los Angeles city	54.4%	46.3%	8.1
Long Beach city	50.6%	42.6%	8.1
Remainder of Los Angeles county	44.5%	38.2%	6.3

The proportion of out-of-school youth who were high school dropouts varied widely by race. Nationwide, 1 in 5 White and Asian youth, over 1 in 3 Black youth, and 55 percent of Hispanic youth had failed to complete high school in 2000 (Table 10). Similar differences between race groups existed in California and in the urban and suburban areas of Los Angeles county. However, the dropout shares within these race groups varied by their place of residence. For example, the share of dropouts among White youth ranged from 21 percent

in the nation, 18 percent in California, 15 percent in Los Angeles city, 19 percent in Long Beach city and 16 percent among out-of-school White youth residing in suburban Los Angeles county.

Black youth in the nation were somewhat more likely to dropout than their counterparts in California and the suburban communities of Los Angeles county. About 34 percent of the nation's non-enrolled Black youth had dropped out of high school compared to 31 percent in California and 29 percent in suburban Los Angeles county. The risk of dropping of high school was higher among Black residents of Los Angeles city where 37 percent of these youth were high school dropouts. In Long Beach city 32 percent of young Black out-of-school residents had failed to complete high school.

Hispanic youth had the highest shares of high school dropouts compared to all other race groups. Hispanic youth were least likely to enroll in school and among non-enrolled Hispanic youth, a large majority had failed to complete high school. Over 55 percent of out-of-school Hispanic youth in the nation and in California and 52 percent of their counterparts in suburban Los Angeles county had dropped out of high school. The likelihood of finding a high school dropout among non-enrolled Hispanic young adult residents of the cities of Los Angeles and Long Beach was very high—65 percent in Los Angeles and 63 percent in Long Beach.

Table 10:
Proportion of Out-of-School Youth Between the Ages of 16 and 24 who were High School Dropouts, by Race-Ethnicity and Nativity Status, 2000

	U.S.	California	Los Angeles County	Los Angeles City	Long Beach City	Remainder of Los Angeles county
Race-Ethnicity						
White, non-Hispanic	20.7%	18.0%	15.8%	14.9%	19.2%	16.1%
Black, non-Hispanic	34.2%	30.6%	33.1%	36.9%	31.7%	29.4%
Hispanic	55.3%	55.3%	58.3%	65.1%	63.2%	52.2%
Asian, non-Hispanic	19.8%	19.2%	15.4%	12.4%	27.0%	16.5%
Nativity Status						
Foreign born	56.3%	59.9%	62.2%	65.5%	63.7%	58.3%
Native born	25.3%	26.7%	31.0%	32.3%	34.4%	29.9%

In the nation and the entire state of California, one out of every five Asian out-of-school youth had dropped out of high school in 2000. Young Asian residents of Los Angeles city had a considerably lower share of high school dropouts compared to their counterparts who lived in Long Beach (12 percent versus 27 percent). Part of this difference is attributable to the composition of the Asian population in these areas. Certain groups of Asians (by country of origin) exhibit a greater commitment to schooling than others. The share of dropouts among out-of-school subgroups of Asian youth by country of origin ranged from highs of 44 percent among Cambodians, 42 percent among Laotians, and 32 percent among Vietnamese, to lows of 7 and 8 percent among Korean, Japanese, and Indonesian youth. Among Filipino out-of-school youth, 18 percent had failed to complete high school.

The composition of Asian youth residing in Los Angeles city was very different from that of their counterparts residing in Long Beach city. Three-quarters of the out-of-school young Asian residents of Los Angeles were Filipinos (26 percent), Koreans (22 percent), Chinese (18 percent), or Japanese (8 percent). Each of these groups had a relatively lower likelihood of dropping out of high school. In contrast, the Asian youth in Long Beach city consisted of groups that are more likely to drop out of high school. Three-quarters of the city's non-enrolled Asian residents were Cambodians (36 percent), Filipinos (29 percent) and Vietnamese (10 percent).

A comparison of the dropout shares among youth by their place of birth indicates that immigrant youth were more than twice as likely to have dropped out of high school as their native-born counterparts in the nation, California, and the urban and suburban areas of Los Angeles county. However, the incidence of dropping out of high school among foreign-born and native-born youth varied by the place of their residence. Among native-born youth, the share of dropouts ranged from one-quarter in the nation, 27 percent in California, 30 percent in suburban Los Angeles county and one-third each in the two central cities of Los Angeles county. Native-born youth residing in urban areas were more likely to drop out than their suburban counterparts.

Similar differences between the dropout shares among out-of-school immigrant youth by residence are evident in the findings presented in Table 10. Nearly 60 percent of the out-of-school foreign-born youth in California and 56 percent in the nation had failed to complete

high school at the time of the 2000 decennial census. In Los Angeles city, nearly two out of three non-enrolled immigrant youth were high school dropouts. Dropout shares were also high among immigrant youth in Long Beach (64 percent). Immigrant youth living in the suburban communities of Los Angeles county were somewhat less likely to drop out of high school although even among these youth over 58 percent had failed to complete high school.

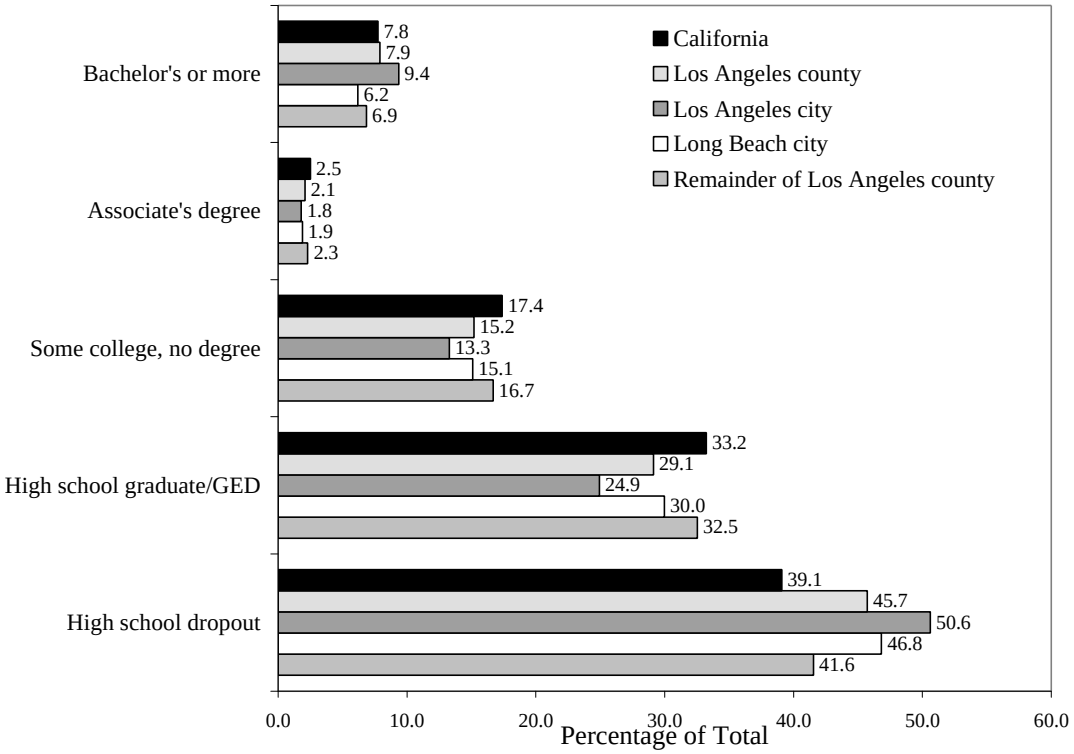
Out-of-school youth residing in the nation and particularly in California have extraordinarily high shares of high school dropouts. The problem is especially concentrated among young men, Hispanic youth, Black youth and immigrant youth. Immigrant youth have the lowest school enrollment rates and among the non-enrolled over 6 out of 10 young immigrant residents of California were high school dropouts. The reliance of the nation and California in particular on immigrants for population and labor force growth makes this a particularly disturbing finding. Young adults between the ages of 16 and 24 fuel the workforce and represent the workforce of the future. The schooling and human capital deficits of young immigrants pose a considerable problem for workforce development. These young adults have already removed themselves from the educational system or were never engaged in educational activities. As a consequence, the responsibility of enhancing the human capital and skills of these groups falls upon workforce development programs and the alternative education system. Large gaps exist between the skills of these youth and the skills required in the labor market. These education and skills gaps will have to be reduced to make these youth employable and raise the skills and educational composition of the workforce to the levels needed in the growing sectors of the economy that are more likely to be in the knowledge-based sector.

Educational Attainment of Out-of-School Youth

The previous section presented a discussion of the concentration of high school dropouts among out-of-school young adults in the nation and in communities within the state of California. Findings show that a large proportion of the out-of-school young residents in the state and communities within the state had failed to complete high school. What is the level of education among the remaining out-of-school youth? How many out-of-school youth terminated their education after earning a high school degree or a GED certificate? How

many completed post-secondary schooling before leaving school? What level of post-secondary education did they complete? The overall educational attainment of non-enrolled young adult residents of these communities provides answers to these questions. Findings from our analysis are presented in Chart 3. These findings indicate that the largest proportion

Chart 3:
Percentage Distribution of Out-of-School Youth Between the Ages of 16 and 24 by Educational Attainment, 2000



of these non-enrolled youth were high school dropouts and the second largest proportion consisted of individuals who had earned just a high school diploma or a GED with no additional education. Few went on to complete some postsecondary education and even fewer earned postsecondary diplomas such as an associate's degree or a bachelor's degree or more.

High school graduates accounted for one-third of young out-of-school Californians, one-quarter in Los Angeles city, 30 percent in Long Beach city and one-third in suburban

Los Angeles county. Among those who pursued postsecondary education most failed to earn a postsecondary degree. Statewide, only 2.5 percent earned an associate's degree. Within Los Angeles county, fewer than 2 percent of the young adult residents of the cities of Los Angeles and Long Beach, and 2.3 percent of youth who lived in suburban areas of Los Angeles county had earned an Associate's degree at the time of the 2000 census. Young adults who had earned a bachelor's degree or higher accounted for 8 percent of the state's out-of-school population, 9.4 percent in Los Angeles city, 6.2 percent in Long Beach city, and 7 percent in the surrounding suburban areas of Los Angeles county.

The educational attainment of out-of-school youth in California, particularly in the cities of Los Angeles and Long Beach was very low. Most of these youth had failed to complete high school and very few had postsecondary education. Since earning a Bachelor's degree requires a greater commitment of time and money and a higher level of academic and literacy skills than earning an Associate's degree one would expect fewer youth with a bachelor's degree and more with Associate's degrees. However, young adults in these communities were very unlikely to earn Associate's degrees. Higher education for most of these young adults concluded with just a few college courses that did not materialize in a degree. Strategies should be designed to not just reduce the number of high school dropouts but also to encourage postsecondary enrollees to persist until they earn a degree.

Employment Rates of Out-of-School Youth

Additional schooling is clearly an important pathway to developing the literacy and occupational skills that are demanded in the labor market. However, an alternative way to develop important productive abilities is through work experience itself. Work experience helps young adults develop many of the skills and behavioral traits—teamwork, communication skills, punctuality, and the like, that are highly prized by employers. Such experiences can also provide young adults with some of the information they need to make decisions about higher education and career planning, and help them develop specific occupational proficiencies. A large body of evidence suggests that early work experience, like schooling, can have significant long-term impacts on future labor market outcomes. Indeed, our recent study of manufacturers in the Pioneer Valley in Massachusetts found that

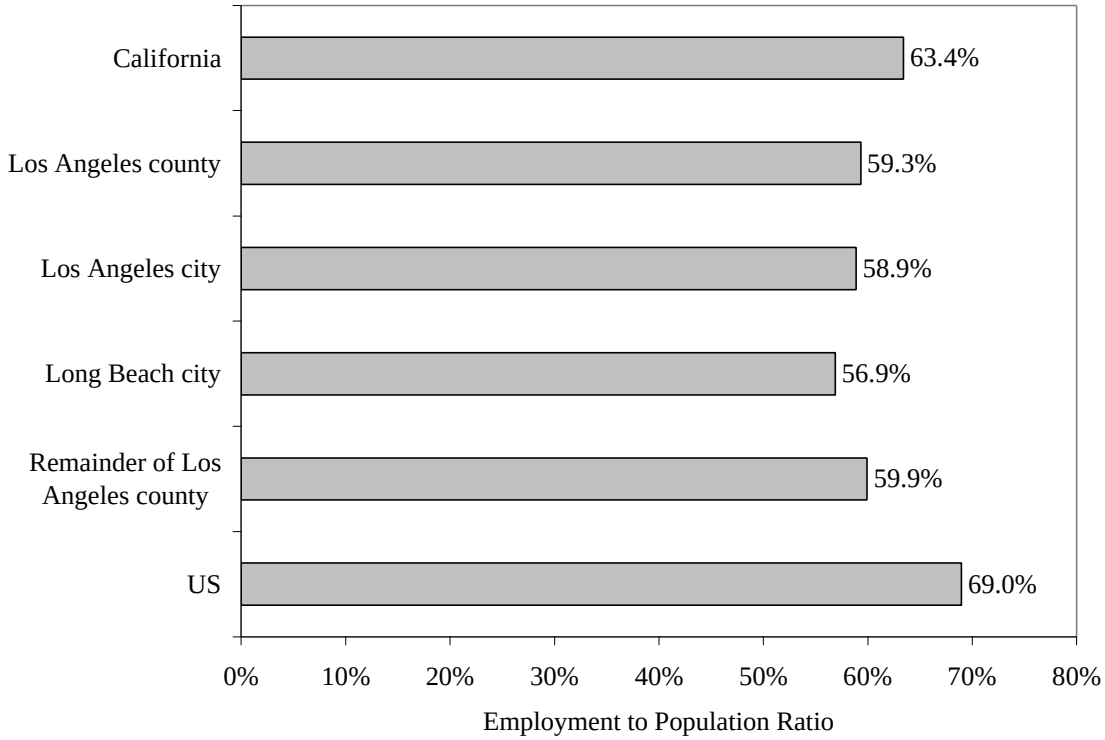
these ‘soft skills’ were considered the most essential attribute for any new hire the firm might make. In the absence of a strong work ethic manifested through proper work behavior, firms said they were reluctant to hire candidates regardless of their level of occupational skill.

While unemployment rates are often thought of as a measure of job access and labor market success, they represent labor market outcomes only for those who are active participants in the labor market. Among youth, who often move into and out of the labor market and frequently engage in only short periods of job search, the unemployment rate can sometimes be an inadequate measure of the degree of labor market success. The unemployment rate does not capture the level of labor market attachment among these youth. A better measure is the employment to population ratio (E/P ratio) or what is often called the employment rate.

The analysis in this section examines the employment rate for various demographic groups of youth in spring of 2000. The E/P ratio simply measures the fraction of young adults in a given group who had a job at the time of the Census survey during the spring of 2000. This measure allows us to determine the overall degree to which various groups of young adults have had success in gaining access to work experiences that might enhance their future employability. Our discussion will focus for the most part on the 16 to 24 year old out-of-school population in California and the urban and suburban areas of Los Angeles county.

The youth E/P ratio in California was 63 percent during the spring of 2000 (Chart 4). This means that 63 percent of all non-enrolled young adults residing in the state were employed at the time of the decennial census survey. Californian youth who lived in Los Angeles county, particularly those who lived in Long Beach city and Los Angeles city were much less likely to be employed in the spring of 2000. Only 57 percent of the out-of-school young adults residing in Long Beach held a job at the time of the 2000 census. The employment rate of youth residing in Los Angles city was 59 percent while 60 percent of their counterparts who lived in the suburban communities of Los Angeles county were employed in the spring of 2000. Nationwide, the youth E/P ratio was 69 percent, a rate that was considerably higher than the rate in California or areas within Los Angeles county.

Chart 4:
Employment to Population Ratio of Non-Enrolled 16- to 24-Year Old Youth, 2000

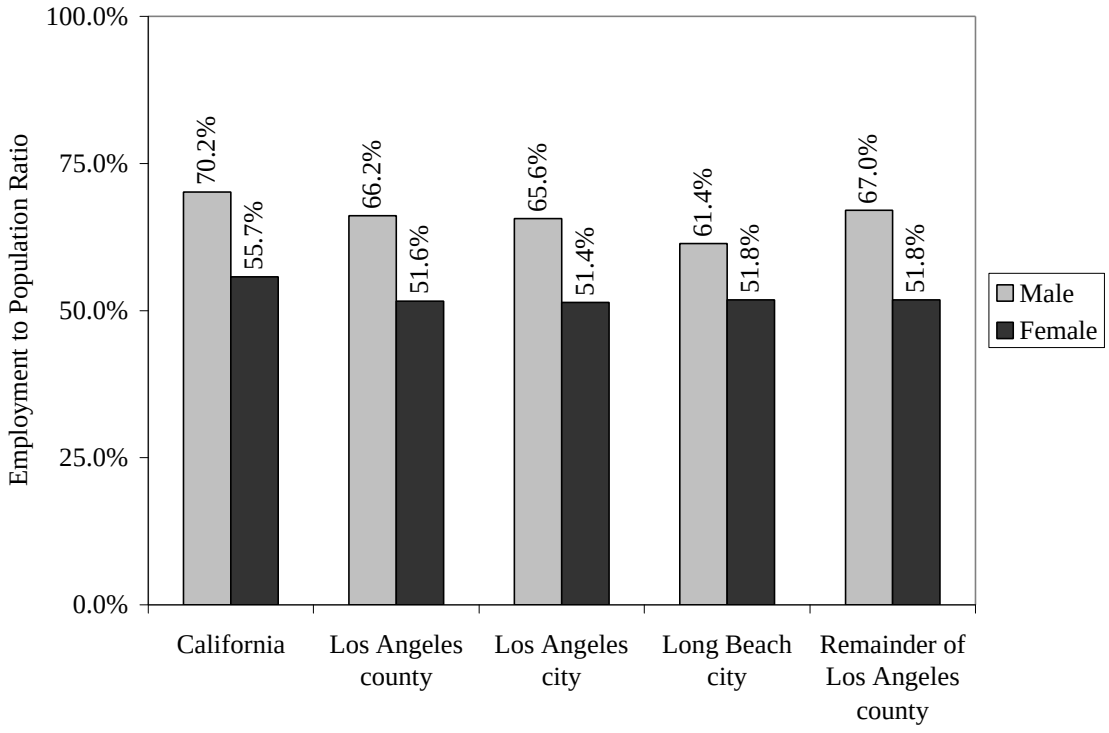


The spring of 2000 represents a period when the nation and the state's economy were close to the peak of the business cycle. The limited labor market success even when the economy was operating at near full employment conditions among Californian youth particularly youth who lived in urban areas of Los Angeles county is largely attributable to their skills and educational deficits. A good economy and an abundance of jobs was clearly not sufficient to employ many of these youth since they did not possess the skills required in those jobs. This is evident from a comparison of the employment rates of subgroups of young adults by their educational attainment. Poorly educated youth were the ones who were least likely to be employed in the spring of 2000 despite the strength of the economy. Low levels of education and large skill deficits present formidable obstacles to employment even when the economy is operating at or near full-employment.

Employment Rates by Gender

Among non-enrolled young adults, men were more likely to be employed than women. The E/P ratio of young men in the entire state, Los Angeles city, and in suburban Los Angeles county was 14- to 15-percentage points higher than that of their female counterparts. The gender gap between the employment rates of young men and women in Long Beach was somewhat smaller. The E/P ratio of young male residents of Long Beach was about 10-percentage points higher than that of young female residents of the city. This smaller gender gap in the youth employment rate in Long Beach was entirely due to the lower employment rate of young male residents of this city. The female E/P rate in Long Beach was the same as that of their counterparts in Los Angeles city and suburban Los Angeles county (51 percent). Young men in Long Beach had more difficulty in finding employment than young men in Los Angeles city or suburban Los Angeles county.

Chart 5:
Employment to Population Ratio of Non-Enrolled 16- to 24-Year Old Youth by Gender, 2000



Californian youth, males and females, who lived outside Los Angeles county had higher employment rates, which may be partly attributable to the larger share of immigrants and poorly educated young adults within Los Angeles county relative to the rest of the state. Individuals with higher levels of education have a higher employment rate since they are more likely to participate in the labor market and when they do participate in the labor market, their skills and education greatly increase their success in finding employment.

Employment Rates by Educational Attainment

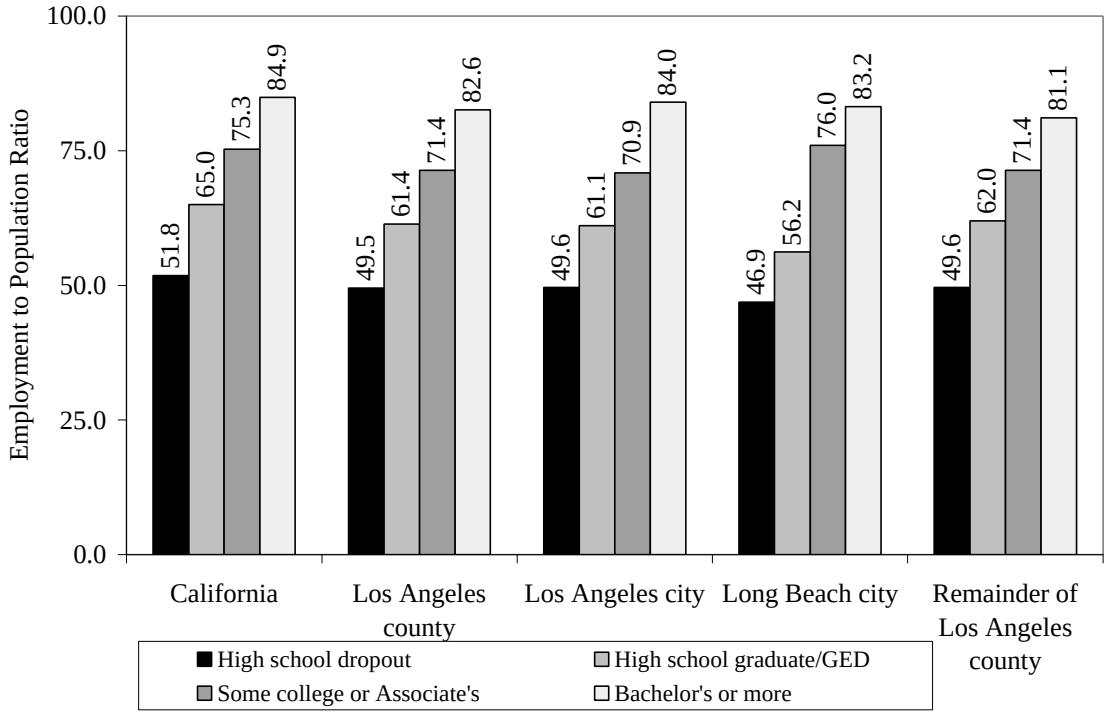
Employment rates of young adults by their educational attainment presented in Chart 6 provide clear evidence of the strong positive relationship between employment and education in large cities, smaller cities, as well as suburban communities. In each of these geographic areas, the employment rate of youth consistently increased with education. Statewide, only 52 percent of non-enrolled high school dropouts were employed compared to 65 percent of high school graduates, 75 percent of individuals with some postsecondary education below a bachelor's degree level, and 85 percent of individuals with a bachelor's degree or higher level of education. The employment rate of college graduates was over 33-percentage points higher than that of high school dropouts.

The employment to population ratios of youth within each educational subgroup varied little by their place of residence. High school dropouts living in Los Angeles city and suburban Los Angeles county were 2-percentage points less likely to be employed than their statewide counterparts. The employment rate of high school dropouts in Long Beach was 4-percentge points lower (47 percent). Even among young adults with a high school diploma or a GED certificate, Long Beach youth had the lowest employment rates. The E/P ratio of high school graduates was 65 percent in California, 61 percent and 62 percent in Los Angeles city and suburban Los Angeles county, respectively, and only 56 percent in Long Beach. Poorly educated youth in Long Beach had a greater difficulty in finding employment compared to youth in other parts of the county and the state.

In contrast to the employment experiences of high school dropout and high school graduate residents of Long Beach city, the employment rate of the city's young adults with postsecondary education was as high as their statewide counterparts. Nearly three-quarters of Long Beach youth with postsecondary education below the bachelor's degree level were

employed. This employment rate was the same as the state and nearly 5-percentage points higher than that among their counterparts in Los Angeles city and suburban Los Angeles county. The E/P ratio of college graduates with a bachelor's or a higher degree did not vary much by their residence. City residents with this level of education were slightly more likely (2- to 3-percentage points) than their suburban counterparts to be employed at the time of the decennial census survey.

Chart 6:
Employment to Population Ratio of Out-of-School Youth Between the Ages of 16 and 24, by Educational Attainment, 2000



Young adults can invest in human capital through formal education or by acquiring work experience in the labor market. The acquisition of these two forms of human capital is closely related. Young adults with higher levels of education are more likely to be employed and therefore more likely to acquire additional human capital through work experience. Although the analysis of work intensity is outside the scope of this report, research has consistently revealed that individuals with high levels of education work more intensively with more hours per week and more weeks per year compared to those with lower levels of

education. High levels of educational human capital also attracts additional human capital from another source—training. Employers are more likely to invest their training resources in better-educated employees than in poorly educated employees.

Human capital attracts more human capital. Investment in educational human capital results in positive labor market outcomes in the form of higher employment rates, higher intensity of employment and a greater likelihood of receiving employer-provided training. Each of these outcomes adds to the stock of human capital of workers with higher levels of education. Better-educated workers enter the labor market at a higher level and continue to climb further up at a faster pace. In contrast, fewer poorly educated workers enter the labor market and when they do they enter at a lower level and progress at a much slower pace. Over time as young adults with different levels of educational attainment grow older these trends widen the disparity between their labor market outcomes.

Changes in the job content of the economy and the occupational staffing patterns within industries have resulted in a higher demand for workers with more sophisticated skills and higher levels of educational attainment. At the lower end of the labor market, the demand for low skilled workers has declined and the influx of poorly educated immigrants have led to an increase in the supply of low skill workers. These changes in the economy have exacerbated the widening gulf between well-educated and poorly educated workers. High concentrations of poorly educated youth in the cities of Los Angeles and Long Beach and indeed the entire state of California and the nation is a threat to the economic development and the social fabric of these communities and poses a formidable challenge to the workforce development system.

Employment Rates by Nativity Status and Race-Ethnic Characteristics

Employment rates of young adults also vary widely by their race-ethnic and nativity characteristics. A large majority of the young residents of the state of California, particularly of the urban areas of Los Angeles county, consist of race and ethnic minorities and many of these race and ethnic minorities, particularly Hispanic and Asian youth were born abroad. Race and ethnic minorities and immigrants have lower levels of education and therefore are expected to have lower rates of employment. Although many immigrants who entered the U.S. during the 1990s have done so in search of economic opportunity and employment, the

lower skill levels and education combined with poor English language proficiencies of immigrants tend to reduce their employability. These immigrants participate in the labor market at high rates but they also endure higher rates of unemployment. As a consequence, the employment rate of immigrants, who are predominantly race-ethnic minorities, is lower than that of White youth and native-born youth.

A comparison of the employment rates of out-of-school young adults by their nativity characteristics is presented in Table 11. The employment rate of foreign-born young adults was approximately 10-percentage points lower than their native-born counterparts in the nation, in California, and within the urban and suburban areas of Los Angeles county. The rate of employment within these two groups of young adults was different across different geographic areas. Native born youth in California were somewhat less likely to be employed in the spring of 2000 compared to their counterparts in the nation (70 percent versus 67 percent). The employment rate of native-born youth was lower in Los Angeles county than the state. Native-born youth who lived within the city limits of Los Angeles had higher employment rates than those who lived in Long Beach (65 percent versus 60 percent).

Table 11:
The Employment Rate of Out-of-School Youth Between the Ages of 16 and 24, by Nativity Status, 2000

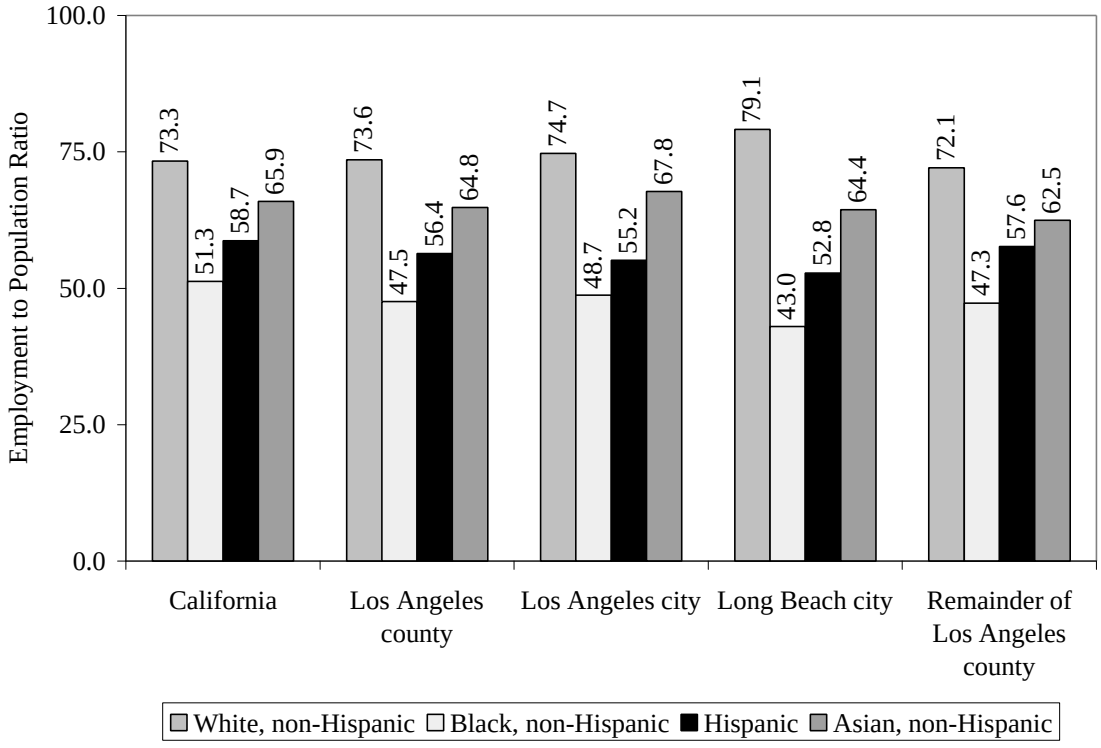
	Native born	Foreign born	Percentage point Difference (Native born Minus Foreign born)
U.S.	70.7%	60.1%	10.6
California	67.1%	57.2%	9.9
Los Angeles county	63.8%	54.3%	9.5
Los Angeles city	65.0%	54.0%	11.0
Long Beach city	60.5%	52.0%	8.5
Remainder of Los Angeles county	63.4%	54.9%	8.5

Similar differences existed in the employment rate of immigrant youth by their place of residence. Out-of-school immigrant youth in California were less likely to be employed than their counterparts in the nation and within California, immigrant youth who lived in Los

Angeles city had higher rates of employment than those who lived in Long Beach city. As noted above, there was a gap of 9- to 11-perentage points between the employment rates of immigrant and native-born youth in these areas. The lower levels of formal education, lower skill levels, and poor English language proficiencies are some of the attributes of immigrant youth that underlie their lower employment rates and generally poorer labor market outcomes compared to those of native born youth.

A comparison of the employment rate of out-of-school young adults in the urban and suburban areas of Los Angeles county and the entire state of California by their race-ethnic characteristics is presented in Chart 7. The E/P ratio of non-Hispanic White youth was higher than the other three race groups and non-Hispanic Black youth had the lowest employment

Chart 7:
Employment to Population Ratio of Out-of-School Youth Between the Ages of 16 and 24, by Race-Ethnic Origin, 2000



rates in each of the five geographic areas. In the spring of 2000, 73 percent of the state's White youth were employed, representing an E/P ratio that was 22-percentage points higher

than the Black employment rate, 15-percentage points higher than the Hispanic employment rate and 7-percentage points higher than the Asian employment rate in the state. In the spring of 2000, 51 percent of California's Black young residents, 59 percent of Hispanic young residents, and 66 percent of Asian youth were employed.

The gap between the Black and White youth employment rate was higher in Los Angeles county particularly in Long Beach city where the Black employment rate was 36-percentage points lower than the White employment rate. The White-Black youth employment rate gap in Los Angeles city and the suburban communities of Los Angeles county was between 25- and 26-percentage points. The E/P rate of White youth in Long Beach (79 percent) was higher than Los Angeles city (75 percent), suburban Los Angeles county (72 percent) and the entire state (73 percent).

Black and Hispanic young residents of Long Beach had lower rates of employment then their counterparts in Los Angeles city and suburban Los Angeles as well as the state. Only 43 percent of Black youth in Long Beach were employed in the spring of 2000 relative to 48 percent in Los Angeles city and the surrounding suburban communities and 51 percent statewide. The employment rate of Long Beach's Hispanic youth was only 52 percent compared to 55 percent in Los Angeles and 58 percent in the county's suburban communities and in the state. The employment rate of Asian youth varied between 63 percent in suburban Los Angeles county to nearly 68 percent in Los Angeles city and about 65 percent in Long Beach city and the entire state.

The differences in employment rates of race-ethnic groups of young adults are likely the result the differences in the level of education and skills among them. Since better-educated youth are more likely to participate in the labor market and to find employment they have higher employment rates. Variations in the employment rates of youth in the same race group across different geographic areas of the state of California are likely the result of the differences in the composition of youth within these broad race categories. Each broad race category, particularly race and ethnic minorities and immigrants, has several subgroups of young adults (by ethnicity or country of origin) that have different levels of commitment to education and employment. The same broad race group is likely to compose of different subgroups in different regions of the state resulting in different employment outcomes in

different geographic areas. For example among Asians, Korean and Japanese youth are more likely to enroll in school and to be employed than Cambodian and Laotian youth.

Geographic differences in the employment rates of youth may also be the result of the availability of youth employment opportunities in these areas. Areas with jobs that are more accessible to young adults will have a higher youth employment rate than areas that have a greater concentration of jobs that require workers with more work experience and sophisticated skills that are possessed by more mature workers. These employment gaps should be addressed by a two-prong strategy that targets the gaps in education and skills as well as gaps in access to employment among young adults.

Employment experience is an important source of human capital among young adults, particularly those who are out-of-school. Early work experience allows youth to acquire many of the soft skills that can only be acquired through actual work. Research on the impact of work experience while enrolled in high school has consistently shown that employment experiences among high school students results in higher rates of employment and earnings later in life. Among college-age youth, work experience acquired through employment, internships, and cooperative education placements is a critical determinant of their future labor market success.

The first step towards gainful employment in the future is early exposure to the labor market through early and sustained employment among these youth. The gaps between young adults and the job market can be bridged by bridging the gaps between their skills and the skills required in the job market through education and training and proper matching of young jobseekers with job openings. Unfortunately, many of the young adult residents of California and the urban and suburban communities of Los Angeles county were not engaged in either of these two human capital gathering activities—education and employment—at the time of the 2000 census. The discussion in the next section focuses on the subset of young adult residents of these areas who are disconnected from education and the labor market.

Mixing School and Work

Previous sections of this report discussed separately the school enrollment and employment activities of young adult residents of the two central cities and suburban areas of

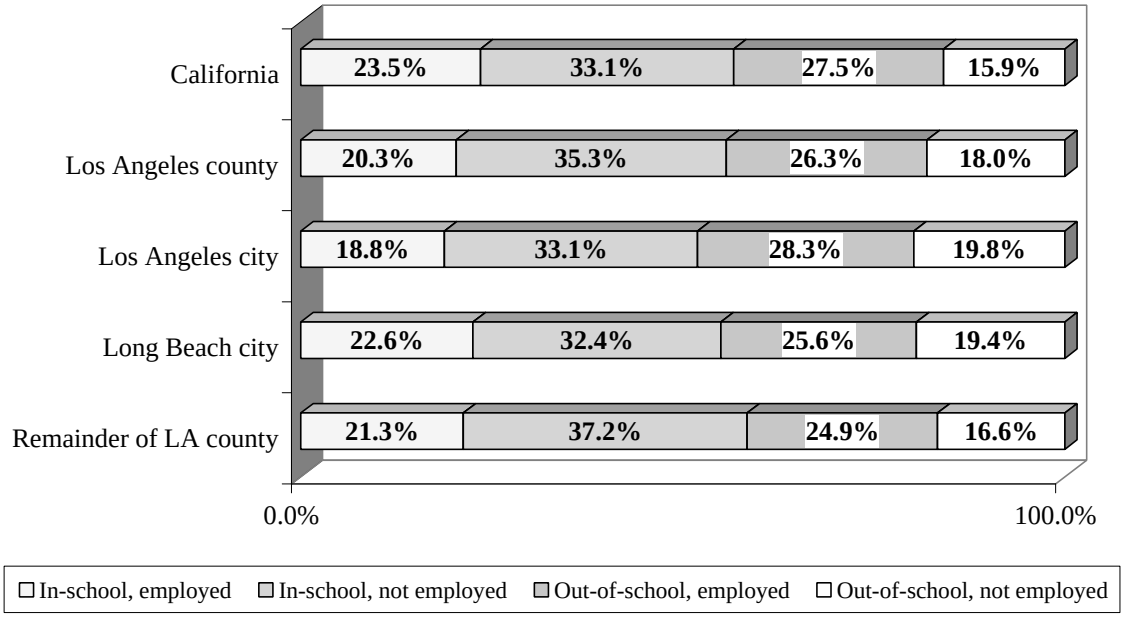
Los Angeles county and the entire state of California and the nation. In this section we explore the connection between school and work among young adults. Among school-going youth, many choose to mix work and school. Youth who combine work and school raise their school-based proficiencies as well as work-based skills. Early employment typically occurs in what is frequently referred to as the kid labor market—jobs that are typically staffed by young workers such as cashiers in retail establishments, counter service jobs at fast food establishment, waiting tables, and so on. These jobs may not be career jobs, but they provide young workers with a valuable introduction to the world of work. Workers learn many soft skills like punctuality, proper work attire, the art of communication, coordination of work activities with a team, and the like. Employers place tremendous value on these 'soft skills. These skills cannot be acquired in a classroom and are only acquired on the job. As young workers mature and progress into the adult labor market, their early work experiences can introduce them to alternate career pathways and sharpen their choice of field of study when they pursue post secondary education or training.

These benefits of employment are not restricted to older youth. Even teenagers and high school students benefit from labor market experience. Since 1985, we have studied the post-graduation labor market outcomes of graduates of the Boston Public Schools (BPS) one year after they graduated from high school. Our research has consistently found that graduates who worked while they were enrolled in high school were more likely to be employed and also more likely to enroll in college after graduation. A longer-term follow-up study of the employment and earnings of BPS graduates found that even in the long term, graduates who mixed work and school in high school were more likely to be employed and had higher earnings than their counterparts who did not work or worked only intermittently during their high school years.

At what rate do young adult residents of California mix work and school? Findings presented in Chart 8 reveal that nearly one-quarter (23.5 percent) of all young adult Californians combined work and school in 2000. The remaining enrolled youth were not working and made up one-third of the state's young adult resident population. Californian youth mixed work and school at about the same rate as their national counterparts. In 2000, one-quarter of the nation's young adults were enrolled and employed, and 31 percent were enrolled but not employed. The proportion of youth who were enrolled in school and were

working varied from nearly 23 percent in Long Beach to 19 percent in Los Angeles city and 21 percent in the suburban communities of Los Angeles county. Young residents of Los Angeles city were least likely to mix work and school.

Chart 8:
Percentage Distribution of 16- to 24-Year Old Youth by Their School Enrollment and Employment Status in 2000



Some teachers and parents have voiced concerns about the effect of employment on the academic performance of students, particularly high school students. While it is true that enrolled youth have time constraints due to their schooling activities, research in this area reveals that employment in the range of 20 hours per week does not have adverse impacts on the school performance of high school students. Reasonable amounts of employment among school-going youth can increase their work-based skills without any sacrifice of their school-based performance. Many students however, do not combine their schooling activities with employment, One in three young adult residents of California and the cities of Long Beach and Los Angeles were enrolled in school but were not employed in the spring of 2000. These young adults missed the opportunity to increase their work-based skills and get an early introduction to the world of work. Early entry into the labor market is particularly important

among students and young adults who live in economic hardship and have limited access to networks to connect them to the labor market. Unfortunately, it is these very students who are least likely to combine work and school.

We have examined the rates of employment among young adults who were enrolled in school by their family income level. Findings from our analysis are presented in Table 12 in the form of employment rates of enrolled young adults by the ratio of their family income to the poverty income threshold. Young adults from poor families were the least likely to combine school and work. Across the nation, only 37 percent of poor enrolled youth were employed in 2000. The rate of employment among students from poor families was even much lower in California, particularly in Los Angeles county. Nearly 31 percent of the state's poor students were employed compared to only one-quarter in Los Angeles city and 27.5 percent in Long Beach city. Students from suburban Los Angeles county who were members of families with incomes below the poverty line were even less likely to work; their E/P ratio was only 23 percent.

Table 12:
Employment to Population Ratio of 16- to 24-Year Old Enrolled Young Adults by their Family Income Relative to the Poverty Income Threshold, 2000

Family Income Relative to Poverty Income Threshold	US	California	Los Angeles County	Los Angeles city	Long Beach City	Remainder of Los Angeles County
Below Poverty Line	36.9%	30.9%	24.2%	25.3%	27.5%	23.2%
1-1.99*Poverty Line	45.1%	39.5%	35.1%	37.9%	41.0%	33.2%
2-2.99*Poverty Line	47.5%	42.9%	40.1%	42.1%	45.9%	39.1%
3+*Poverty Line	50.7%	46.8%	43.1%	42.0%	52.4%	43.5%
Total	46.5%	41.5%	36.5%	36.2%	41.0%	36.7%

Students from higher income families were much more likely to combine school and work. The employment rate of students from families with annual income over three times the poverty income threshold was 51 percent in the nation (14-percentage points higher than poor students) and 47 percent in California (16-percentage points higher than poor enrollees). The gap between the E/P ratio of enrolled youth who were poor and those who lived in

families with income above 3 times the poverty line was even higher within Los Angeles county—25-percentage points in Long Beach, 20-percentage points in suburban Los Angeles county, and 19-percentage points in Los Angeles city. Mixing school and work was clearly a more common practice among youth from higher income families in the nation, in California as well as in the urban and suburban areas of Los Angeles county.

Employment was even less common among high school students, especially among those high school students who lived in poor families. Nationwide, about one in three young high school students between the ages of 16 and 24 was employed but only one-fifth of poor high school students were employed in the spring of 2000. In California one-quarter of all young adult high school students were employed compared to only 17 percent of those who lived in poor families. Within the two cities of Los Angeles and Long Beach and the suburban communities of Los Angeles county the overall E/P ratio of young high school students was about 20 percent. The employment rate of poor high school students in these communities was only between 14 percent and 16 percent.

These low rates of employment among enrolled youth particularly those from poor families do not bode well for the future labor market outcomes of these youth. A substantial and growing body of literature on the early labor market experiences of young adults over the past thirty years indicates quite consistently that employment during the high school years generates a number of favorable short-term and long-run positive impacts on their employability, wages and earnings, especially among those high school students who do not go on to complete any substantive amount of post-secondary education. Strategies targeted to bring these students into the labor market and introduce them to the world of work and provide them with work experience will yield very high returns in the form of better education and labor market outcomes for these young adults and a more productive future workforce for the local economy.

Out of School and Out of Work

The importance of keeping young adults actively engaged in schooling and labor market activities has been consistently revealed in youth development literature and national research on the long-term economic and social experiences of youth. The concept of

'disconnected youth' has been used by Douglas Besharov and other youth development researchers to describe the population of youth not engaged in schooling or employment activities. Youth who are disconnected from mainstream schooling and labor market activities are far more likely to engage in criminal activities, anti-social behaviors, and teenage parenting. Their limited human capital and social behaviors lead to considerable difficulties in obtaining well-paid employment in their young adult years and place them at high risk of poverty and dependency. Disconnected youth are also a drain on the labor supply. Youth development programs as well as workforce development programs should aim to minimize the numbers of 'disconnected' 16-24 year olds who are both out of school and out of work.

A sizable proportion of the young residents of California were not enrolled in school during spring of 2000. The share of non-enrolled youth ranged from 43 percent in California, 42 percent in suburban Los Angeles county, 45 percent in Long Beach, and 48 percent in Los Angeles city. Nationwide 46 percent of 16- to 24-year old youth were not enrolled in school during the spring of 2000. About six out of ten non-enrolled youth in the cities of Los Angeles and Long Beach, and the suburban communities of Los Angeles county were employed in 2000. Out-of-school youth in California and the nation were more likely to be employed—63 percent in California's and 69 percent in the nation. The remaining non-enrolled youth were not employed. This group of young adults were not enrolled in school and not employed in the spring of 2000. They were disconnected from the two main activities in which most of their peers were engaged at the time of the 2000 census.

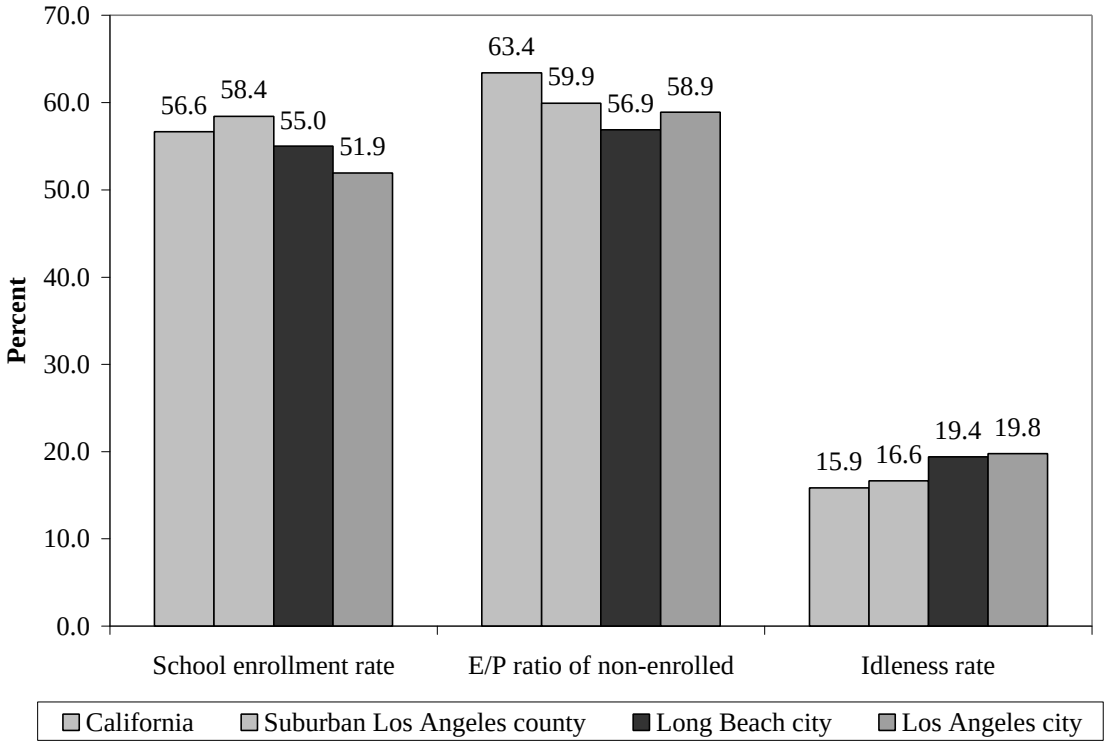
Incidence of Disconnected Youth

In the spring of 2000, the absolute size of the disconnected youth population was quite large. In California, nearly 638,000 young adults were jobless and out of school at the time of the 2000 census. Over 93,000 of these disconnected youth lived in Los Angeles city, 12,000 in Long Beach city, and 109,300 in suburban Los Angeles county. Disconnected youth were more concentrated in the two central cities of Los Angeles county. Nearly one in five young adults in these two cities were disconnected from school and work (Chart 9). The incidence of idleness was also quite high in the suburban Los Angeles county area, 16.6 percent. Statewide, disconnected youth accounted for 15.9 percent or one out of every six

young residents. The proportion of disconnected youth was also high in the entire nation where 14.3 percent of all 16- to 24-year old youth were out of school and out of work in spring of 2000.

Disconnected or idle youth consist of those who are not enrolled in school and not employed. Higher idleness rates are due to lower rates of school enrollment or lower rates of employment among non-enrolled youth or a combination of both. A comparison of the school enrollment rate and employment rates of non-enrolled youth and the overall idleness rates in these areas is presented in Chart 9. While young residents of Long Beach city and

Chart 9:
A Comparison of Youth Activities and the Incidence of Disconnected Youth, 2000



Los Angeles city were almost equally likely to be idle, the high rate of idleness among Long Beach youth was more due to lower rates of employment whereas idleness among Los Angeles youth was slightly more rooted in their lower rates of school enrollment. Youth residing in suburban Los Angeles county had higher idleness rates than their statewide

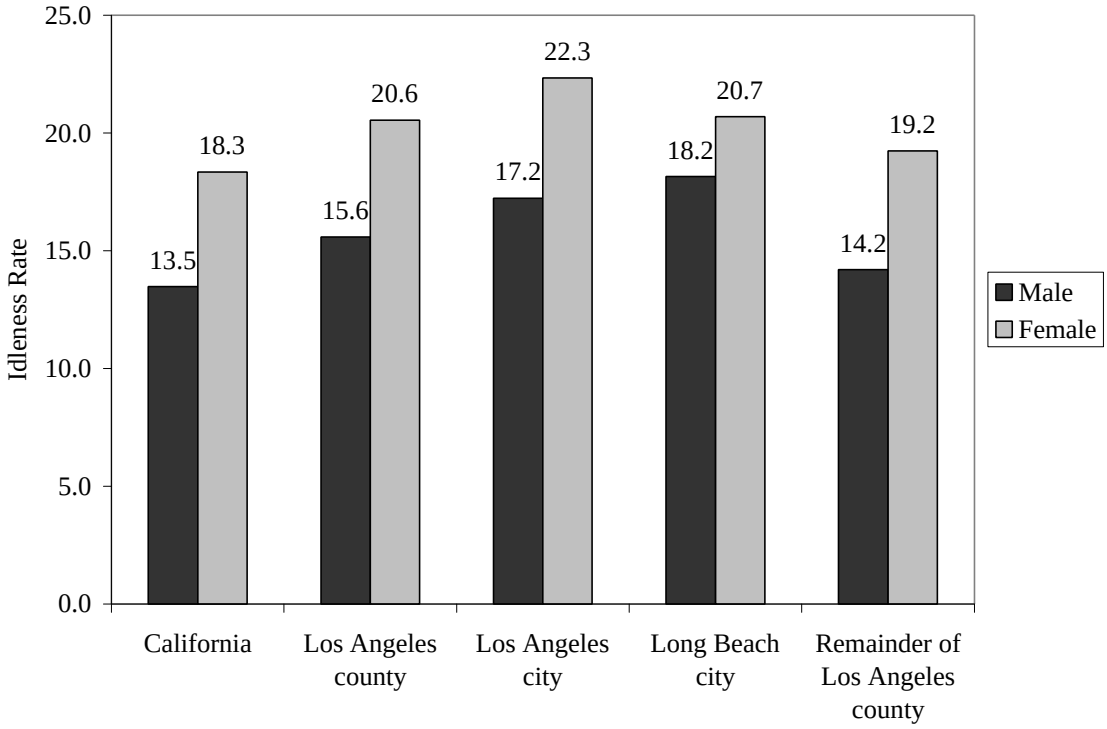
counterparts despite higher school enrollment rates because non-enrolled suburban youth were less likely to be employed than their counterparts in the state.

Idleness rates varied widely across different demographic subgroups of young adults. An examination of the idleness rates by gender is presented in Chart 10. Females were more likely than males to be disconnected in California, as well as in the urban and suburban areas of Los Angeles county. Young women who are disconnected from education and work are often engaged in raising their children many of whom are born out of wedlock. Early childbearing among young women, particularly teenagers, often inflicts a high cost in the form of truncated education and limited work experience, which in turn sharply reduces their current and future employment and earnings.

Except for Long Beach city, young women were 5-percentage points more likely to be disconnected from school and work than young men, Among young adult residents in Long Beach city, the gender gap in the rates of idleness was half of that in the state (Chart 10). Nearly 21 percent of the young adult female residents of Long Beach were disconnected from school and work; a proportion that was 2.5-percentage points higher than the proportion of disconnected male residents (18.2 percent). Underlying this difference is the smaller employment rate gap between young men and women in Long Beach. The employment rate gender gap in Long Beach is smaller due to the lower rate of employment among the city's men young men.

The incidence of disconnection from work and school among young adult women ranged between 22 percent and 21 percent in the cities of Los Angeles and Long Beach, 19 percent in the suburban communities of Los Angeles county and 18 percent in the state. The proportion of young men who were disconnected also varied by where they lived. The highest rate of disconnected youth among male residents was in Long Beach city (18 percent) and Los Angeles city (17 percent). Among young male residents in suburban Los Angeles county and the entire state, 14 percent were disconnected from school and work.

Chart 10:
A Comparison of the Proportion of Young Men and
Women who were Out of School and Out of Work, 2000



The differences in the incidence of disconnected youth were particularly sharp between teenagers and those between the ages of 20 and 24. Since many teens were still enrolled in school, their likelihood of disconnection was smaller than that of older youth who were in their early and mid-20s. Nearly 19 percent of the nation's 20- to 24-year old youth were disconnected compared to 9 percent of 16- to 19-year old teenagers (Table 13). Californian teens had a disconnection rate of 9.5 percent, while over 21 percent of the state's 20- to 24-year old youth were out of school and jobless. Wide discrepancies between the proportion of disconnected youth among teens and 20- to 24-year olds also existed in the urban and suburban communities of Los Angeles county. The idleness rate of 20- to 24-year old youth was 2 times as high as the teen idleness rate in Los Angeles city, 1.6 times as high in Long Beach city and 2.5 times as high as teen idleness rate in the suburban Los Angeles metropolitan area.

Table 13:
The Proportion of Young Adults who were
Out of School and Out of Work by Age, 2000

	16-19	20-24	Ratio (20-24 / 16-19)
U.S.	9.1%	18.7%	2.05
California	9.5%	21.1%	2.22
Los Angeles county	10.6%	23.7%	2.24
Los Angeles city	12.4%	24.5%	1.98
Long Beach city	14.5%	23.0%	1.59
Remainder of Los Angeles county	9.2%	23.1%	2.51

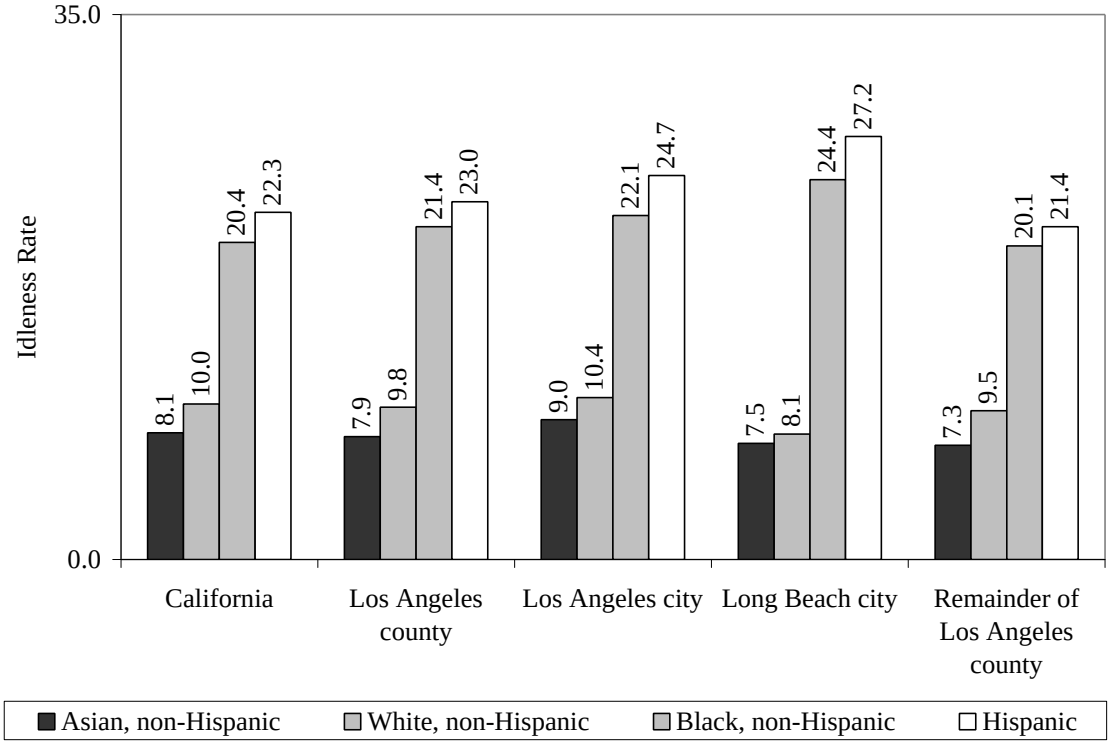
A comparison of the rates of disconnection between the two central cities and the suburban communities of Los Angeles county reveals that the teen disconnection rate was higher in urban areas than in suburban areas, whereas the disconnection rate of 20- to 24-year old residents did not vary much by their residence in suburban or urban areas. Nine percent of the teen residents of suburban Los Angeles county were disconnected from school and work; 3-percentage points lower than the idleness rate of their counterparts in Los Angeles city and 5-percentage points lower than the proportion of disconnected youth among Long Beach city's teen residents.

Idleness rates also vary widely by race-ethnic characteristics of youth. Asian youth were least likely to be disconnected. Most were engaged in school or work activities. The incidence of disconnection among young Asian residents ranged from about 7.5 percent in the suburban Los Angeles area and Long Beach city to 8 percent in California and 9 percent in Los Angeles city. Young Asian residents who lived in Los Angeles city were at a slightly elevated risk of idleness than those who lived in the suburban communities of Los Angeles county or in Long Beach city.

White, non-Hispanic youth were at a slightly higher risk of being out of school and out of work than their Asian counterparts. Statewide, one in ten White youth was disconnected from school and work. The risk of being disconnected among White youth did not vary much by their place of residence. White youth in Los Angeles city and in the suburban Los Angeles county area were as likely as their statewide counterparts to be out of school and work. However, those who lived in Long Beach city were at a somewhat lower

risk of idleness. Only 8 percent of the young White residents of Long Beach city reported that they were not enrolled and not employed during the spring of 2000.

Chart 11:
The Proportion of 16- to 24- Year Old Youth who were
Out of School and Out of Work, by Race-Ethnic Origin, 2000



The incidence of disconnection from education and employment was nearly two to three times higher among young Black and Hispanic residents compared to their Asian and White counterparts. Statewide, one in five young Black youth was out of school and jobless at the time of the census. The risk of being disconnected was higher among Black youth who lived in cities than those who lived in suburban areas. The proportion of Black youth who were disconnected from school and work was 22 percent in Los Angeles city and nearly one-quarter in Long Beach city; 2- to 5-percentage points higher than the proportion of disconnected Black youth living in suburban Los Angeles county. Similar patterns of disconnection were found among Hispanic youth. Those who lived in the two central cities of Los Angeles county were more likely to be jobless and out of school than those who lived in suburban areas. The incidence of idleness among Hispanic youth was 22 percent in the state,

21 percent in suburban Los Angeles county, nearly 25 percent in Los Angeles city and over 27 percent in Long Beach city.

Immigrant youth were at a higher risk of disconnection than native-born youth. Nearly 27 percent of immigrant youth living in Los Angeles city, one-quarter in Long Beach, 24 percent in California, and 23 percent of the nation's immigrant young residents were out of school and jobless at the time of the 2000 census. Native-born youth were considerably

Table 14:
The Proportion of Young Adults who were
Out of School and Out of Work by Nativity Status, 2000

	Foreign-born	Native Born	Percentage Point Difference (Foreign-born Minus Native-born)
U.S.	23.0%	13.0%	10.0
California	23.8%	12.6%	11.2
Los Angeles county	25.0%	13.7%	11.3
Los Angeles city	26.9%	13.8%	13.1
Long Beach city	24.9%	16.2%	8.7
Remainder of Los Angeles county	23.2%	13.4%	9.8

less likely to be disconnected in each of these geographic areas. The idleness rate of native-born youth living in these areas was 9- to 13-percentage points lower than that of their native-born counterparts. The lower rates of school enrollment and employment among immigrant youth, which results in higher rates of idleness, are rooted in their weak attachment to education evident in their low rates of school enrollment, and their education and skill deficits. Immigrants have low levels of formal educational attainment and skills, which along with poor English language proficiencies make them less employable.

Characteristics of Disconnected Youth

Analysis of the race-ethnic, nativity, and educational characteristics of disconnected youth reveals that this group of young adults contains disproportionate shares of Hispanic,

Black, immigrant, and poorly educated youth. Table 15 contains a comparison of the race-ethnic origin and nativity characteristics of disconnected youth and their counterparts who were either in school or at work in the spring of 2000. Out of a total of 638,000 young adult residents of California who were out of school and out of work in 2000, 60 percent were Hispanic, 22 percent were White, 8 percent were Black and 6 percent were Asian. Among young adults who were in school or employed, only 40 percent were Hispanic, 38 percent were White, 6 percent were Black and 12 percent Asian. Disconnected youth in California were 20-percentage points more likely to be Hispanic than youth engaged in school or work. Black youth also had a slightly higher share among disconnected youth. Asian and White youth made up much smaller proportions of disconnected youth than they did among in-school or employed youth.

Table 15:
A Comparison of the Race-Ethnic Characteristics and Nativity Status of Youth who were Out of School and Jobless and those who were In School or Employed, 2000

Percentage Distribution by Race-Ethnic Origin & Nativity Status	California	Los Angeles County	Los Angeles City	Long Beach City	Remainder of Los Angeles County
Out of School & Jobless	637,663	213,840	93,013	11,526	109,301
Race-Ethnic Origin					
White, non-Hispanic	22.1	10.9	9.9	8.7	12.1
Black, non-Hispanic	7.8	9.9	10.1	19.3	8.7
Hispanic	60.3	71.6	73.4	62.1	71.1
Asian, non-Hispanic	5.8	5.2	4.5	5.3	5.7
Nativity Status					
Foreign-born	43.5	53.0	61.8	47.2	46.1
Native-born	56.5	47.0	38.2	52.8	53.9
In School or Employed	3,382,678	972,918	377,899	47,851	547,168
Race-Ethnic Origin					
White, non-Hispanic	37.5	22.2	21.0	24.0	22.9
Black, non-Hispanic	5.7	8.0	8.8	14.4	6.9
Hispanic	39.7	52.8	55.2	40.1	52.2
Asian, non-Hispanic	12.3	13.2	11.3	16.0	14.3
Nativity Status					
Foreign-born	26.3	34.8	41.3	34.3	30.4
Native-born	73.7	65.2	58.7	65.7	69.6

The differences between the race and ethnic composition of disconnected youth and their in-school or employed counterparts were somewhat more pronounced in Los Angeles city particularly among White and Asian youth whose share among the disconnected population was less than half as large as their share among the in-school or employed youth population. Nearly 10 percent of the city's disconnected youth were White compared to 21 percent of in-school or employed youth. Young Asian residents of the city accounted for less than 5 percent of disconnected youth and over 11 percent of youth engaged in school or work. Nearly three-quarters of the disconnected young adult residents of the city were Hispanic compared to 55 percent among youth who were in school or employed.

Long Beach city had the largest difference between the race-ethnic characteristics of the disconnected youth population and those who were engaged in school or work. Less than 9 percent of the city's disconnected population was White compared to 24 percent of its in-school or working youth population. Five percent of the city's disconnected youth were Asian compared to 16 percent of enrolled or employed youth. Six out of ten disconnected youth in the city were Hispanic compared to 40 percent of their enrolled or employed counterparts. Equally wide discrepancies existed between the characteristics of disconnected youth and their enrolled or employed counterparts in the suburban communities of Los Angeles county. Young adults disconnected from school and work were clearly concentrated with Hispanic and Black youth while White and Asian youth were underrepresented among this population. However, the latter two race groups still represented at least 5 percent or more of idle youth in each area.

Disconnected youth contained disproportionately large share of immigrants particularly in urban areas. Nearly 62 percent of disconnected youth in Los Angeles city were immigrants compared to 41 percent of the city's school going or employed youth (Table 15). In Long Beach city immigrants accounted for 47 percent of disconnected youth and 34 percent of young adults who were engaged in school or work. Even in suburban communities the immigrant share of disconnected youth was 16-percentage points higher than their share of school-going or employed youth (46 percent versus 30 percent).

Disconnected youth were considerably more likely to be poorly educated than those who were in school or employed. High school dropouts comprised nearly 52 percent of

disconnected youth in California, five times greater than their share among the state's in-school or employed young adult population (Table 16). High school graduates also were over represented among disconnected youth accounting for 32 percent of disconnected youth and 19 percent of their counterparts who were either in school or working at the time of the 2000 census. Young adults with postsecondary education were more likely to be enrolled in school or employed. Youth with postsecondary education below a bachelor's degree level comprised 13.5 percent of disconnected youth compared to over 30 percent of their in-school or employed counterparts. College graduates with a bachelor's degree or more were very unlikely to be out of school and jobless comprising only 3 out of 100 disconnected youth in the state compared to nearly 6 percent of the state's in school or employed youth population.

Poorly educated youth were similarly concentrated among disconnected youth within the Los Angeles county area. Over 62 percent of disconnected young adult residents of Los Angeles city were high school dropouts, 24 percent had a high school diploma or a GED and only 14 percent had completed postsecondary education. In contrast only 15 percent of the city's in-school or employed youth population had failed to graduate from high school, 18 percent had a high school diploma or a GED and 36 percent had completed postsecondary education including 8 percent with a bachelor's degree or more.

Long Beach also had similarly disproportionate numbers of poorly educated among the disconnected. Nearly 58 percent were high school dropouts, three in ten were high school graduates and 12 percent had some postsecondary education. In contrast, high school dropouts comprised 12 percent of the city's in-school or employed youth population. The remainder of this group consisted of 19 percent high school graduates and 38 percent college-educated youth.

Suburban Los Angeles county youth who were disconnected had 52 percent dropouts, 31 percent high school graduates, and 17 percent with some college education. In-school or employed young residents of these suburban communities comprised of 10 percent dropouts, 19 percent high school graduates and nearly 35 percent with some college education. Educated youth clearly were more likely to be engaged and less at risk of detaching themselves from education and work. Young adults with higher levels of education were considerably more likely to access jobs and/or continue to educate and invest in themselves.

Table 16:
A Comparison of the Educational Characteristics of Youth who were
Out of School and Jobless and those who were In School or Employed, 2000

	California	Los Angeles County	Los Angeles City	Long Beach City	Remainder of Los Angeles County
Out of school and Jobless	637,663	213,840	93,013	11,526	109,301
Enrolled in high school	0	0	0	0	0
Less than high school	51.5	56.8	62.0	57.7	52.3
High school graduate/GED	31.8	27.7	23.6	30.4	30.8
Some college or Associate's	13.5	12.1	10.7	9.4	13.6
Bachelor's or more	3.2	3.4	3.7	2.4	3.2
In School or Employed	3,382,678	972,918	377,899	47,851	547,168
Enrolled in high school	34.1	34.0	31.2	30.9	36.2
Less than high school	10.4	12.2	15.0	12.3	10.3
High school graduate/GED	19.1	18.6	17.9	19.3	19.1
Some college or Associate's	30.4	28.7	27.9	31.6	29.0
Bachelor's or more	5.9	6.5	8.0	5.9	5.5

Young adults who are disconnected from education and employment lose the opportunity to acquire human capital and skills that are critical to success in the labor market. Most members of the overall workforce spend their young adulthood in school and the labor market to take the first steps towards their educational and career goals. Those who fail to do so are left behind and find themselves in a very disadvantageous position in the labor market. Most of these disconnected youth are at high risk of participating in unproductive activities. Many disconnected young men become involved in criminal activities and live on the fringe of society. Among young women, disconnection from education and employment frequently results in truncated education and out-of-wedlock childbearing at a young age. Most unwed births result in the formation of single mother families that are at a considerably higher risk of poverty and economic hardship and are known to disproportionately rely on public assistance.

The prevalence of disconnection among young adults also has deleterious consequences for society at large. In addition to the problems that stem from the participation of these youth in criminal activities, society also bears economic costs in the form of

increased dependence on public assistance among these youth, particularly among single mothers. Since disconnected males are less likely to marry and form families, this lack of marriageable men leads to increases in the formation of single mother families that are much more likely to be poor and dependent. Economic development suffers because these young adults are poorly educated and have very little or no work experience and thus are not able to contribute to the labor supply needs of the economy. Moreover, youth who are not employed do not make any tax contributions to public coffers. It is therefore in the interest of all parties to devise strategies to reconnect these disconnected youth.

The State of the Youth Labor Market, 2000-2003

The long economic recovery of the 1990s resulted in a sizable gain in the employment rate of the entire working-age population with beneficiaries including young adults. The findings presented so far were derived from the 2000 decennial census data and pertain to the spring of 2000 when the labor markets were performing very well with high employment rates, high labor force participation rates, and low unemployment rates. In the early 2001, the nation's and California's economy entered into a recession. A decline in the employment opportunities resulted in higher unemployment rates, labor force withdrawal, and lower employment rates.

The employment rates of young adults are quite sensitive to the overall labor market conditions. Youth employment increases during periods of strong job growth and declines sharply during recessionary periods. This is particularly true among Black and Hispanic youth. The recession of 2001 was no exception. The young adult population bore the brunt of this recession as well. Employment among the young adult population, particularly among teenagers declined much more sharply than among adult workers. As job opportunities decline, many young adults become unemployed while others withdraw from the labor force and wait until an economic turnaround before they reenter the labor market.

What was the impact of the current recession on youth labor market outcomes and how did youth employment conditions change since 2000? To answer these questions, we have analyzed public use data files from the Current Population Survey (CPS) to identify the labor force status of youth in the nation, the state of California, and Los Angeles county.

Unlike the decennial census, the CPS sample size is not large enough to derive estimates for the cities of Los Angeles or Long Beach. We will therefore restrict our findings to the U.S., California, and Los Angeles county. All of our findings on the labor force status of young adults and older adults are based on the CPS, the monthly household survey conducted by the U.S. Census Bureau for the U.S. Bureau of Labor Statistics.

The CPS identifies the employment and unemployment status of each working-age (16+) respondent by asking a series of questions on their labor market activities during the prior week and their jobseeking activities during the prior four weeks. Based on their responses to the questions, respondents can be classified into one of the three categories: employed, unemployed and the residual category 'not in the labor force.' People may be placed into this category for a variety of reasons, including being retired, having child care or family responsibilities requiring their presence at home, illness or disability, or school activities. However, being out of the labor force does not mean that the individual does not have an interest in employment. During an economic downturn, many job losers may drop out of the labor force even though they have a desire to work. When the economy improves, these workers reenter the workforce to seek employment. Workers who lose their jobs and leave the labor force are not counted as unemployment even if they have a desire to work. Therefore, the unemployment rate by itself does not provide a complete picture of the labor market.

Our assessment of the changes in the youth labor market between 2000 and 2003 is based on numerous measures of labor market activity. Using the CPS data we have estimated three measures to assess the overall labor market activities of young adults and four measures to assess the labor market problems encountered by all youth including employed youth, unemployed youth, and youth who had quit the labor force.

Labor Market Activities

We start with an analysis of the overall labor market activity in 2000 and 2003. Based on the status of respondents at the time of the CPS survey, we have computed three key labor market statistics defined below. All the statistics exclude individuals under age 16, the institutionalized population, and members of the armed forces.

- Labor force participation rate: (Civilian labor force) / (Civilian working-age population). The labor force is the sum of employed and unemployed individuals.
- The employment to population ratio: (Employed) / (Civilian working-age population).
- Unemployment rate: (Unemployed) / (Civilian labor force).

Our estimates are based on 12 monthly CPS surveys for the calendar years 2000 and 2003. As employment opportunities declined during the recession, the employment rate of young and older adult workers declined. The rate of decline varied widely by age. Between 2000 and 2003, the nation's young adults saw their employment rate decline by 5.8-percentage points, which was 3.6 times higher than the 1.6-percentage point decline of the employment rate of older adults over the same time period (Table 17). The recession was particularly hard on teenagers among whom the employment rate declined by nearly 9-percentage points over just three years. Only 37 percent of the nation's teenagers were employed in 2003, down from 46 percent in 2000. Teenage employment should not be dismissed lightly. As noted in a previous section, employment among teenagers and high school students leads to a smoother transition from school to work especially among non-college bound youth. Early employment experiences are known to enhance the future employment and earnings by increasing the human capital stock of these young workers through work experience and by arming them with soft skills and other skills that make them more employable. Even 20- to 24-year old youth suffered a 4.4-percentage point decline in employment rate between 2000 and 2003.

Workers who lose their jobs either stay in the labor and join the ranks of the unemployed or they may choose to leave the labor force altogether and wait for a more opportune time to reenter the labor market. The labor force participation rate measures the degree of attachment to the labor force. Between 2000 and 2003, the labor force participation rate of the nation's young adults declined by 4.3-percentage points. The largest decline in labor force participation occurred among the nation's teenagers. The strong labor market in 2000 attracted teens into the labor market bringing their labor force participation rate to nearly 53 percent. The shrinking of job opportunities that occurred as the national economy entered a recession in early 2001, resulted in a sizable withdrawal of teens from the labor

force resulting in a 7.6-percentage point decline in their labor force participation rate. Only 45 percent of the nation's teens were in the labor force in 2003.

Table 17:
Trends in the Employment Rate, Labor Force Participation Rate, and Unemployment Rate, U.S., 2000-2003

	2000	2003	Absolute Change	Relative Change
Employment rate				
16-24	60.0	54.2	-5.8	-9.7%
16-19	45.8	37.2	-8.5	-18.6%
20-24	72.3	67.9	-4.4	-6.1%
25+	65.5	63.9	-1.6	-2.4%
Labor force participation rate				
16-24	66.2	61.9	-4.3	-6.5%
16-19	52.7	45.1	-7.6	-14.4%
20-24	78.0	75.5	-2.5	-3.2%
25+	67.6	67.2	-0.4	-0.5%
Unemployment rate				
16-24	9.5	12.5	3.0	31.9%
16-19	13.1	17.4	4.3	32.5%
20-24	7.3	10.1	2.8	38.3%
25+	3.0	4.9	1.9	62.0%

The labor force participation rate of 20- to 24-year old youth declined by 2.5-percentage points. The overall decline in the labor force participation rate of all 16- to 24-year old youth was 4.3-percentage points; from 66.3 percent in 2000 to 62 percent in 2003. The nation's older adult workers also withdrew from the labor force, but the decline was not as steep as that of their younger counterparts. Between 2000 and 2003, the adult labor force participation rate declined by 0.4-percentage points.

The unemployment rate of young workers increased by 3-percentage points from 9.5 percent in 2000 to 12.5 percent in 2003. The teenage unemployment rate increased by 4.3-percentage points and the unemployment rate of older youth increased by 2.8-percentage points. In 2003, the teenage unemployment rate was over 17 percent. The unemployment rate of adult workers also increased from 3 percent in 2000 to 4.9 percent in 2003. The nation's youth saw a sharp increase in their unemployment rates. Had there not been so many labor

force withdrawals among young workers, the youth unemployment rate would have increased even more sharply. A look at the trend in all three indicators of labor market activity provides a more complete assessment of the change in the labor market outcomes of the workforce.

The deterioration of labor market outcomes of the nation's youth described above was somewhat less severe compared to the impact of the recession on youth labor market outcomes in California. The young adult residents of California saw a sharp deterioration of their labor market outcomes after 2000. The youth employment rate declined by nearly 6-percentage points, a decline that was 4.5 times as high as the 1.3-percentage point decline in the employment rate of adult workers (Table 18). Fewer than one half of California's youth were employed in 2003, down from nearly 56 percent in 2000. California's teen employment rate declined from 38 percent in 2000 to under 31 percent in 2003. In 2003, California's young adults were less likely to be employed than their counterparts in the nation (50 percent versus 54 percent) but the employment rate of the state's adult population was the same as that of their national counterparts (64 percent).

Table 18:
Trends in the Employment Rate, Labor Force Participation Rate, and Unemployment Rate, California, 2000-2003

	2000	2003	Absolute Change	Relative Change
Employment rate				
16-24	55.7	49.8	-5.9	-10.5%
16-19	38.0	30.7	-7.4	-19.4%
20-24	70.4	65.4	-5.0	-7.1%
25+	65.4	64.1	-1.3	-1.9%
Labor force participation rate				
16-24	62.3	57.3	-5.0	-8.0%
16-19	45.9	37.8	-8.0	-17.5%
20-24	76.1	73.2	-2.8	-3.7%
25+	68.0	68.0	-0.1	-0.1%
Unemployment rate				
16-24	10.7	13.1	2.4	22.9%
16-19	17.1	18.9	1.8	10.7%
20-24	7.5	10.7	3.2	43.4%
25+	3.9	5.7	1.8	45.7%

The labor force attachment of California's young adult residents was much weaker than their counterparts in the nation. In 2000, nearly two-thirds of the nation's young adults were in the labor force compared to 62 percent in California. Between 2000 and 2003, the labor force participation rate of young adults declined much more sharply in California than in the nation. In 2003, only 57 percent of the state's young adults were in the labor force, representing a decline of 5-percentage points. Teenage labor force participation rate in California declined from 46 percent in 2000 to 38 percent in 2003, a decline of 8-percentage points. The labor force participation rate of California's adult workers remained unchanged.

The unemployment rate of California's young adults stood at 13.1 percent in 2003, up from 10.7 percent in 2000. In 2003, nearly 19 percent of the state's teen labor force members were unemployed and 11 percent of the 20- to 24-year old labor force was unemployed. Both groups of young adults experienced a rise in their unemployment rates between 2000 and 2003. However, the increase in unemployment was greater among 20- to 24-year olds. Teenagers in California were more likely than 20- to 24-year olds to adjust to declining job opportunities by withdrawing from the labor force. Similarly, the state's youth overall were more likely than adult workers to adjust to labor market slack by withdrawing from the labor force. A comparison of the trends in the labor market activities of youth in the nation and California (Tables 17 and 18) indicates that the 2001 recession resulted in higher rates of labor force withdrawals among California's youth than among their national counterparts.

The labor market fortunes of young adults in Los Angeles county also deteriorated between 2000 and 2003. Even in 2000, young adult residents of Los Angeles county had poorer labor market outcomes relative to their counterparts in the state. The recession led to a further deterioration of the labor market fortunes of young adult residents of Los Angeles county particularly teens. The employment rate of all young adults in the county declined by 4-percentage points from 51 percent in 2000 to 47 percent in 2003 (Table 19). The teenage employment rate declined by nearly 7-percentage points over the 3-year time period, representing a relative decline of nearly 22 percent. The relative decline in the teen employment rate was steeper in Los Angeles county than in California or the nation, In 2003, only one-quarter of the county's teens were employed, down from 32 percent in 2000. The employment rate of county's 20- to 24-year old youth declined by nearly 2-percentage points. Older adult workers saw a decline in their employment rate of 1.5-percentage points.

Table 19:
Trends in the Employment Rate, Labor Force Participation Rate, and Unemployment Rate, Los Angeles County, 2000-2003

	2000	2003	Absolute Change	Relative Change
Employment rate				
16-24	50.7	46.7	-4.0	-7.9%
16-19	31.8	24.9	-6.9	-21.8%
20-24	66.3	64.5	-1.9	-2.8%
25+	64.6	63.1	-1.5	-2.3%
Labor force participation rate				
16-24	57.2	54.0	-3.1	-5.5%
16-19	38.4	31.9	-6.4	-16.8%
20-24	72.8	72.1	-0.7	-1.0%
25+	67.6	67.2	-0.4	-0.6%
Unemployment rate				
16-24	11.4	13.6	2.3	19.8%
16-19	17.1	22.1	5.0	29.3%
20-24	8.9	10.6	1.7	19.0%
25+	4.4	6.0	1.6	37.5%

Similar to the trends in California and the nation, there were sizable labor force withdrawals among young adults in Los Angeles county, particularly among teens. In 2003, only 32 percent of the county's teens participated in the labor force, down from 38 percent in 2000. The labor force participation rate of teens declined by 6.4-percentage points or nearly 17 percent. The labor force participation rate declined among 20- to 24-year old residents as well as among older workers. However, the declines in these two age groups were not as large as those among the county's teens. The labor force participation rate of all young adults in the county declined from 57 percent in 2000 to 54 percent in 2003, representing a 3-percentage point decline.

Despite the labor force withdrawals, there were sizable increases in the unemployment rate among young adults and older adults living in Los Angeles county. The unemployment rate in 2003 stood at 14 percent among all young adults, 22 percent among teens, 11 percent among 20- to 24-year olds and 6 percent among older adults. Between 2000 and 2003, the unemployment rate increased by 2.3-percentage points among all young adults,

5-percentage points among teens, and under 2-percentage points among 20- to 24-year old youth and older adults.

Even though many young adults who withdraw from the labor market in an economic downturn return to the labor market when job opportunities increase, labor force withdrawal increases the risk of idleness among some youth. Staying in the labor force and actively seeking a job, even if one does not become available at once, is a much more productive expenditure of time than remaining idle. Some workers withdraw from the labor force in bad economic times and enroll in school to spend the time away from the workforce in acquiring additional education. This kind of channeling to another positive activity is much less likely to occur among high school dropouts and poorly educated youth who are at a much higher risk of idleness. Moreover, withdrawals from the labor market are more likely to occur among poorly educated youth who face a higher risk of unemployment and endure longer durations of unemployment.

Labor Market Problems

The recent recession was particularly hard on youth. Young adults, particularly teens suffered considerably larger employment losses than adult workers. Young workers saw large declines in their employment rate accompanied by increases in their unemployment rates and declines in their labor force participation rates due to withdrawals from the labor force. Teenagers were particularly hard hit and responded by huge withdrawals from the labor force. Both in 2000 and in 2003 young adults in California were less likely to be employed and had a higher unemployment rate than their nationwide counterparts. Californian youth also had withdrawn from the labor market at higher rates than their nationwide counterparts. Teen labor force withdrawals were higher in Los Angeles county and California than in the nation. Adult workers in California were somewhat less likely than the nation's adult workers to withdraw from the labor force and more likely to be unemployed. Adult workers in Los Angeles county had about the same rate of labor force withdrawal than their national counterparts.

Although the youth unemployment rate increased between 2000 and 2003, it did not capture the full extent of the damage of the recession on youth labor market outcomes. The

labor market problems of young adults, particularly out-of-school young adults frequently go beyond just open unemployment. The previous section already demonstrated how young workers frequently opt to withdraw from the labor force when faced with unemployment. These workers may have a job desire but are not counted as unemployed because they are no longer part of the labor force. In addition to open unemployment and a hidden desire to work, young workers may face labor market problems even when they are employed. These include the problems of low wages, underemployment and malemployment defined as the inability to obtain jobs that fully utilize one's skills and abilities. Malemployment or underemployment thwarts the full utilization of the potential productivity of a worker and thereby reduces their wages and annual earnings.

The CPS survey includes questions that address the job desires of working age individuals who are not in the labor force, the reasons for part time work among those who work in part time jobs, and the weekly wages of employed workers. We have used these CPS data elements to estimate the incidence of four types of labor market problems among out-of-school young adults and among adult workers. The four labor market problems are mutually exclusive and can therefore be summed up without double counting to estimate the overall incidence of labor market problems. These four labor market problems are defined below:

- Unemployed at the time of the CPS household survey
- Working part-time (fewer than 35 hours per week) due to economic reasons; e.g., slack work at the firm, material shortages, could not find full-time work
- Want a job now although the respondent has not actively sought work in the four weeks prior to the CPS survey; i.e., not in the labor force but has a job desire.
- Worked full-time but earned wages lower than the level needed to support a family of four above the poverty line. The weekly wage needed to support a family of four above poverty was $362 in 2003 and $339 in 2000.

During 2000 the Californian economy was operating at near full employment levels with the overall state unemployment rate hovering below 5 percent in most months of the year and dipping to 4.7 percent in December of 2000. However this economic boom by itself was not sufficient to alleviate a number of labor market problems of the state's non-enrolled young adults (Table 20). Over 8 percent of California's out-of-school youth were

unemployed and one in five were employed in full-time jobs but failed to earn wages above the poverty threshold for a family of four. Over 5 percent of the state's non-enrolled young adult residents worked part-time for economic reasons even though they wanted a full-time job and another 4 percent were not working and not seeking work but had a desire to work. Thus the potential pool of labor force participants among the young adults population in California was larger than the official pool of labor force participants. In 2000, 38 percent of California's out-of-school young adult residents had experienced one of the four labor market problems described above.

As the state's economy entered a recession and job opportunities declined, the employment rate of young adults declined sharply. The ability of young adults to avoid labor market problems declines as job opportunities decline, full-time jobs become less accessible to young adults, and wages decline. The recession of 2001 led to an increase in the proportion of California's young adults experiencing labor market problems. In 2003, nearly 44 percent of out-of-school youth in California experienced labor market problems, representing an increase in the incidence of 5.5-percentage points or 14 percent (Table 20). Increases occurred in the incidence of every economic problem with the largest relative increases

Table 20:
Percent of Non-Enrolled Young Adults in California Experiencing Various Types of Labor Problems, 2000 and 2003

	2000	2003	Percent change
Unemployed	8.2%	10.9%	31.8%
Not in labor force but want a job now	4.3%	4.5%	4.8%
Employed part-time for economic reasons	5.1%	6.6%	29.6%
Worked full-time at a weekly wage below the poverty line	20.7%	21.9%	5.8%
Total, All four problems	38.3%	43.8%	14.4%

occurring in the incidence of unemployment and involuntary part-time employment. The problem of low wages among young workers who were employed in full-time jobs appears to

be more persistent and less sensitive to changes in the economic environment. Wages of young workers tended to remain low even when the state's economy was strong and continued to remain low during a recession. A similar persistence of low wages is evident among the nation's young adult workers.

The likelihood of experiencing labor market problems is much higher among young adults than among older adults who were 25 years old and over. In 2003, the likelihood of experiencing labor market problems in California was nearly three times higher among out-of-school young adults than among older adults. The proportion of the state's young adult residents experiencing any one of the four labor market problems was nearly 44 percent versus 15.4 percent among older adult residents of the state (Table 21). Young adults were

Table 21:
Percent of Non-Enrolled Youth (16-24 Years Old) and Adults (25+ Years Old) Experiencing Various Types of Labor Market Problems, California, 2003

	(A) Out-of-School Young Adults	(B) Older Adults	(C) (A) / (B)
Unemployed	10.9%	3.9%	2.82
Not in labor force but want a job now	4.5%	2.2%	2.02
Employed part-time for economic reasons	6.6%	2.5%	2.62
Worked full-time at a weekly wage below the poverty line	21.9%	6.8%	3.23
Total, all four problems	43.8%	15.4%	2.85

more likely than older adults to experience each of the four labor market problems. The state's young adults were 2.8 times more likely to be unemployed, twice as likely to want a job even though they were not looking for one, and 2.6 times more likely to work part-time involuntarily. The largest difference between young adults and older adults was in the proportion earning low wages despite full-time work. Nearly 22 percent of young adults earned below poverty wages from full-time work, which was 3.2 times higher than the 6.8 percent of older adults who experienced this labor market problem.

A comparison of the change in the incidence of labor market problems of young adults and older adults in California and the nation is presented in Table 22. Young adults in the nation and the state were more likely to experience labor market problems than older adults and each saw an increase in the incidence of labor market problems between 2000 and 2003. However, the rate of increase varied between young adults and older adults as well as by their residence in California or the rest of the nation. The highest increase in labor market problems occurred among young adults in California where the incidence of labor market problems increased by 5.5-percentage points yielding a 14.4 percent increase between 2000 and 2003. Nationwide, young adults workers saw an increase of 3.4-percentage points or nearly 9 percent in the incidence of labor market problems over the same three-year time period.

Table 22:
Percent of Non-Enrolled Youth Adults (16- to 24-Years Old) and Older Adults (25 Years or Older) Experiencing Labor Market Problems in the U.S. and California, 2000-2003

	2000	2003	Absolute Change	Relative Change
U.S.				
Young Adults	38.0	41.4	3.4	8.9%
Older Adults	11.9	13.3	1.4	11.8%
Young Adults / Older Adults	3.19	3.11	--	--
California				
Young Adults	38.3	43.8	5.5	14.4%
Older Adults	14.1	15.4	1.3	9.2%
Young Adults / Older Adults	2.72	2.84	--	--

The recession of 2001 also had an adverse impact on older adults among whom the percent experiencing labor market problems was higher in 2003 compared to 2000. The share of older adults experiencing labor market problems increased by 1.3-percentage points or 9.2 percent in California and 1.4-percentage points or 11.8 percent in the nation. In California, the proportion of young adults experiencing labor market problems increased at a faster rate than the rate of increase among older adults. The trends were different in the nation where the relative rate of increase in the incidence of labor market problems was somewhat higher among older adults than among young adults.

Table 22 also presents the ratio of the incidence of labor market problems among young adults and older adults. In 2000 as well as in 2003, a considerably larger proportion of young adults experienced labor market problems than older adults in California and the entire nation. However, the difference between the incidence of labor market problems among young adults and older adults was slightly smaller in California than in the nation. In 2003, the incidence of labor market problems was 2.8 times higher than the incidence among older adults in California and 3.1 times in the nation. The difference is attributable to the differences between the nation and the state in the experiences of older adults. While young adults in the state and the nation were almost equally likely to experience labor market problems, the older adult population in the nation was somewhat less likely to experience labor market problems than their counterparts in California.

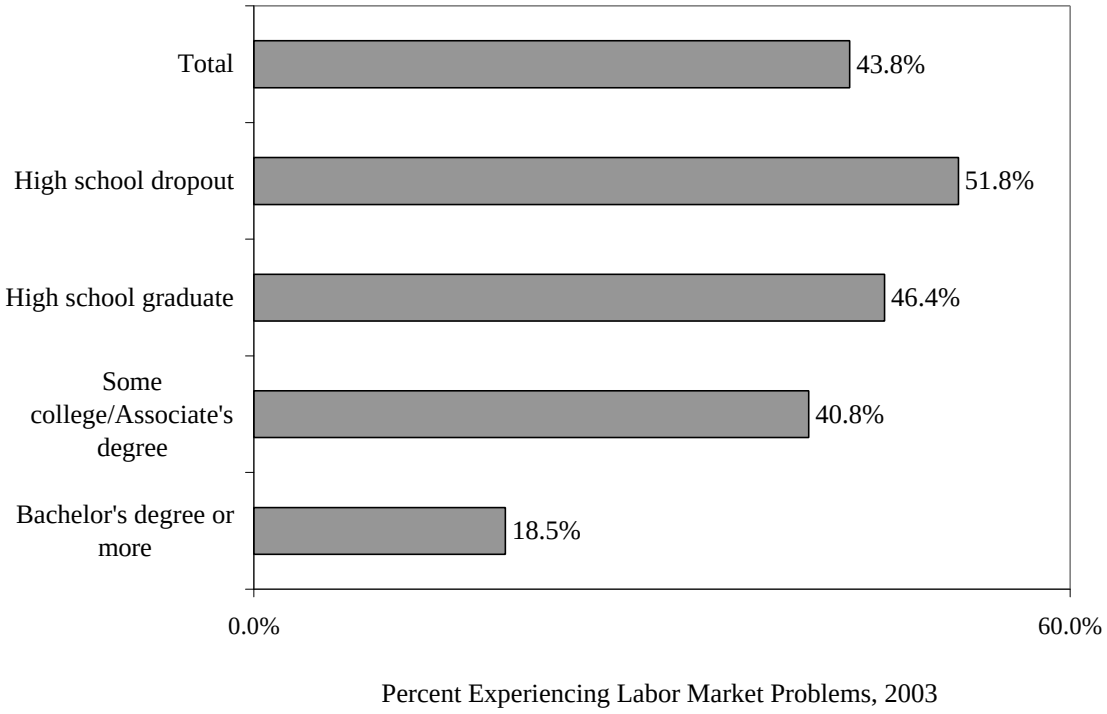
Evidence is presented throughout this report on the strong relationship between educational attainment and several labor market outcomes. Educational attainment also is very closely related to the likelihood of experiencing labor market problems. The severity of the labor market problems encountered by young adults varied considerably by their educational attainment. Young adults with a higher education encountered a lower incidence of these problems (Chart 12). For example, in 2003, over one-half of young adults who had failed to complete high school encountered a labor market problem. Graduation from high school with a diploma or a GED lowered the likelihood of experiencing labor market problems. The incidence of labor market problems among young adult high school graduates was 46 percent or nearly 6-percentage points lower than the incidence among high school dropouts.

Young adults with some postsecondary education below a bachelor's degree level were 11-percentage points less likely to encounter labor market problems. Four out of ten youth in this educational category were experiencing labor market problems in 2003. The smallest incidence of labor market problems among out-of-school Californian youth was among college graduates with a Bachelor's degree or a higher level of education. Fewer than 19 percent of these youth encountered a labor market problem.

Areas with a larger share of poorly educated young adults are expected to have a higher incidence of labor market problems among its young adult population. The

considerably lower levels of educational attainment of out-of-school youth in both cities of Los Angeles and Long Beach would indicate that youth in these cities are more likely to

Chart 12:
Percent of Non-Enrolled Youth (16-24 Year Old) Experiencing Labor Market Problems by Educational Attainment, California, 2003



encounter labor market problems. Although the labor market outcomes of young adults are cyclically sensitive whereby the incidence of labor market problems increases in an economic downturn and decreases when the economy grows, the incidence of labor market problems among young adults remained high even when the state's economy was operating at near full employment levels. The persistence of labor market problems among young adults even during good economic times clearly indicates that economic growth is necessary but clearly not sufficient to significantly reduce labor market problems of young adults. Additional efforts in the form of strategies targeted to boost full-time employment and earnings of young adults workers are necessary to reduce the incidence of labor market problems among young adults.

The youth labor market in the nation as well as in California has deteriorated considerably since 2000. The labor market outcomes of poorly educated youth deteriorated much more rapidly than their better-educated counterparts. Our analysis of the trends in the labor market outcomes of young adult residents of California reveal that the youth employment rates declined sharply and unemployment rates increased. Labor force withdrawals also increased sharply among the state's young adult population. The incidence of labor market problems among California's out-of-school youth increased considerably between 2000 and 2003. Unfortunately, the CPS data do not have a sample size large enough to produce statistically reliable estimates for substate areas like the cities of Long Beach and Los Angeles. However, inferences can be made about the state of the youth labor markets in these cities.

Youth labor market outcomes from the 2000 census data reveal that the young adults living in Los Angeles and Long Beach cities fared worse than their counterparts in the state. Young adults living in these cities were at greater disadvantage in the labor markets. Moreover, Black and Hispanic youth, immigrant youth, and particularly poorly educated youth are most likely to encounter labor market problems and experience a greater deterioration of labor market outcomes from an economic recession. Our analysis of the 2000 decennial census data indicates that the young adult population in these cities had larger proportions of poorly educated youth, race-ethnic minorities and immigrants. It can therefore be inferred that the adverse impact of the recession on the labor market outcomes of young adults in the two cities may have been even worse or at the very least similar to that of their counterparts in California. We can therefore conclude with considerable certainty that the labor market outcomes of young adults in these cities may have deteriorated at a greater rate than the rate of decline among their statewide counterparts. Although we do not have current precise numerical estimates of the number of disconnected youth in the cities of Los Angeles and Long Beach, all evidence points to an increase in the size of the disconnected youth population in the two cities since 2000.